(handwritten Arabic note at top) مكتب من الأصل

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 30,035 — Thursday September 18 1986 — D 8523 B

US airlines: giants recapture command, Page 18

World news | Business summary

Pakistan religious riots leave 8 dead

Religious rioting in Pakistan claimed eight dead and more than 100 injured. An indefinite curfew was imposed in Lahore, the country's second largest city, as well as in the central city of Liah. The army troops patrolling Lahore had orders to shoot on sight anyone violating the curfew, a Government statement said.

The clashes began on Tuesday during a religious day observed by the Shia Moslems, who comprise less than 10 per cent of the country's population.

Dockers strike

French dockers started a 48-hour strike in protest against Government economic policies which have led to redundancies, a union spokesman said.

Prison revolt

Prisoners seized 14 hostages in a jail near Brasilia hours after at least 12 inmates died in another jail where police crushed a revolt, police said.

Support for Unifil

Thousands of people, mostly Shia Moslems, marched through the south Lebanese port city of Tyre in support of beleaguered UN peacekeeping troops.

Greek protest

Greece lodged a strong protest with Turkey after claiming that Turkish warships on exercises in the Aegean Sea fired twice on a Greek patrol boat, officials said.

Soweto murder

Wellington Sebolai, aged 22, was burned to death by a crowd outside his home in the black township of Soweto, the South African Government said.

Productivity drive

Australian Prime Minister Bob Hawke announced a major attack on restrictive work practices and the relaxation of export controls over a range of resources such as oil and coal, to try to improve the international competitiveness of the economy. Page 3

Swiss clampdown

The Swiss Government agreed to clamp down on illegal workers from abroad and announced tighter restictions on sales of holiday homes to foreigners.

Rebels attack base

Tribal rebels seeking autonomy for part of southern Bangladesh have attacked an army camp in their first big operation to nearly three months, officials said.

Supertanker ablaze

Oil-laden Kuwaiti supertanker Al-Funtas was ablaze off Saudi Arabia after being shelled by an Iranian gunboat. Iran said it had detained four Panamanian ships suspected of carrying cargo for Iraq.

Kennedy victory

Joseph Kennedy II, 33, nephew of the late US President John F. Kennedy, won an overwhelming victory in a congressional primary election in the eastern state of Massachussetts. Page 4

Jewish emigration

Eighty-eight Soviet Jews were permitted to leave for the West last month, the highest figure registered this year, data from the intergovernmental committee for migration showed.

Karpov hits back

Challenger Anatoly Karpov won game 17 of the world chess championship when holder Garry Kasparov resigned. Kasparov leads 9½/7½.

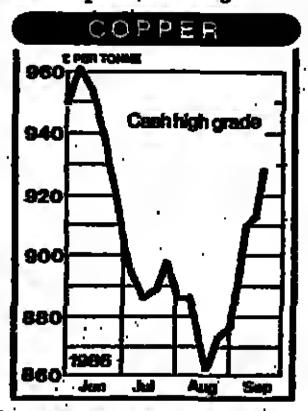
EEC to scrap more steel quotas

STEEL: European Commission is to press ahead with plans to liberalise the steel market in the EEC next year despite continuing depressed demand. Page 20

WALL STREET: The Dow Jones industrial average closed 0.14 down at 1,769.40. Page 44

TOKYO: A sharp morning rally was reversed towards the close amid concern about the market outlook. The Nikkei average closed 126.57 lower at 17,336.62. Page 44

LONDON ended the day higher in a less volatile session as Wall Street's influence became less noticeable than on recent occasions. The FT Ordinary share index added 13 to close at 1,275.2 and the FT-SE 100 was 13.7 up at 1,610.4. Page 44



COPPER rose sharply on the London Metal Exchange, reflecting strength in New York. The market was also bolstered by a fall in sterling against the dollar. Cash grade A metal closed £13.75 up at £929 per tonne, its highest level since June. Page 36

DOLLAR ended in New York at DM 2.0240, SFr 1.6375, FFr 6.6295 and Y154.95. It fell in London to DM 2.0275 (DM 2.0490); FFr 6.6450 (FFr 6.7100); SFr 1.6395 (SFr 1.6565), and Y154.75 (Y156.30). On Bank of England figures the dollar's index fell to 110.2 from 110.8. Page 37

STERLING ended in New York at \$1.4750. It fell in London to \$1.4755 (\$1.4760); DM 2.9925 (DM 3.0250); FFr 9.8050 (FFr 9.9050); SFr 2.4200 (SFr 2.4450), and Y228.50 (Y230.75). The pound's exchange rate index fell 0.6 to 70.3. Page 37

GOLD fell \$0.875 to \$413.625 on the London bullion market. It also fell in Zurich to \$412.875 from \$414.625. In New York the December Comex settlement was \$418.80. Page 37

KUWAIT has taken a substantial minority stake in Spain's third largest paper manufacturer through a Dutch intermediatary. Page 21

WEST GERMANY is likely to abandon its opposition to private use of the European currency unit. Page 2

WOOLWORTH HOLDINGS, British retailing group which recently fought off a £1.8bn (\$2.6bn) takeover bid, nearly doubled pre-tax profits in the six months to August 31. Page 26; Lex, Page 20

MEXICO has taken a further step towards resolving its international debt problems with an agreement by Western government creditors to reschedule \$1.8bn of the country's public-sector loan payments due over the next 18 months. Page 4

ERICSSON Information Systems, part of the Swedish telecommunications and electronics group, and Digital Equipment of the US, world's second largest computer manufacturer, have agreed to join forces to increase their worldwide market share of banking information systems. Page 21

MOËT-HENNESSY, French champagne and cognac group, reported an 11 per cent rise in first-half pre-tax earnings this year to FFr 615m (\$92m) compared with the year-ago period. Page 22

BANQUE Nationale de Paris, largest nationalised French bank, announced a 41 per cent increase in first-half consolidated profits to FFr 1.41bn (\$210m). Page 22

SAURER, Swiss engineering concern, is to close its textile machinery division in Arbon with a loss of 700 jobs. Page 22

Chirac calls crisis meeting after new Paris bomb kills 4

BY DAVID HOUSEGO AND PAUL BETTS IN PARIS

MR JACQUES Chirac, the French Prime Minister, last night called a crisis meeting of his inner security council after a bomb killed four people and injured more than 60 in a crowded Paris shopping district.

The bomb exploded outside the Tati clothing store in Montparnasse at peak shopping time, shortly before 5.30 pm. Conflicting accounts emerged last night over whether it was thrown from a passing car or planted in a dustbin on the pavement outside the shop, which is popular with Arab immigrants.

The explosion was the sixth and worst terrorist violence to hit the French capital within a fortnight. The succession of bombs underlines the Government's apparent inability to halt the terrorist wave which has killed nine people and injured more than 200 so far this year.

Police yesterday found an arms cache containing 40kg of explosives, 10 grenades, 80 detonators and a roll of fuse wire. The Interior Ministry refused to give any additional details of the discovery, the first since the terrorist campaign began.

Although there is a growing public mood of solidarity against the terrorists, the almost daily toll of violence is straining nerves in Paris and among ministers.

In political terms, the immediate effect of the crisis has been to put Mr Chirac in the front line. President François Mitterrand is on a state visit to Indonesia. But Mr Chirac's increased authority also leaves him liable to carry the blame if the police and security forces are slow to stop the violence. Last night's crisis meeting was the second in four days.

Mr Mitterrand broke his silence on recent events yesterday when he called from Jakarta on the French to stand firm but to go on leading their everyday lives.

The latest bomb came a day after the Government announced a FFr 1m (\$150,000) reward for clues that could lead to the terrorists' arrests. At the same time, 200,000 posters of the brothers of Mr Georges Ibrahim Abdallah – the suspected leader of the Lebanese Armed Revolutionary Faction – were posted on walls around France as prime suspects.

In a seemingly severe setback for the police, the two brothers were reported last night to have given a press conference in the Lebanese city of Tripoli, where they claimed that they had not been in France for two years.

Security was yesterday stepped up around the Elysée Palace and key ministries after threats from the terrorists of further attacks against the French state. The so called "solidarity committee for Arab political prisoners" which has so far claimed responsibility for the attacks threatened in a statement from Beirut to bomb the presidential palace and to escalate the violence.

The main demand of the terrorists is the release of Mr Abdallah, who has been imprisoned in France since 1984. Insistent government declarations to refuse his release have now been reinforced by a demand for his extradition to Italy – which would require further judicial proceedings in France.

Despite the tightening up of security measures, the French police seem so far to have made little headway in tracking down the terrorists. They claimed yesterday, however, that their offered reward for information had helped lead to the discovery of an arms hideout.

Anxiety over terrorism has for the moment pushed other political quarrels aside. But beneath the surface, the right blames the Socialists for lax security precautions before the March election.

The Socialists are watching to see whether Mr Chirac will make a slip in handling the crisis and are nervous that the new security measures could exacerbate authoritar-

Continued on Page 20

South African miners to step up safety demands

BY ANTHONY ROBINSON IN JOHANNESBURG

THE DEATH TOLL in South Africa's worst gold mining disaster in 100 years rose to 177 last night, with five black miners still unaccounted for and 237 injured men in local Witwatersrand mining hospitals.

The disaster, which resulted from Monday's underground fire at the Gencor group's Kinross mine at Evander, 160 km east of Johannesburg, will almost certainly mean that the country's black National Union of Mineworkers (NUM) will step up its campaign for higher safety standards and more generous compensation payments for the families of dead or injured miners.

Mr Kobus Olivier, general manager of Kinross, which produced 14.76 tons of gold last year and made an after-tax profit of R69m (\$30m) said the number two shaft would be closed for at least a week, with the loss of 25,000 tons of ore out of total mine milling rate of 180,000 tons last year. Certain "additional precautions" would be taken before reopening, but he declined to give details.

Kinross shares fell sharply to R59 on the Johannesburg Stock Exchange at yesterday's opening from 64.50 on Monday's closing, but rallied to close little changed at R64 in an otherwise buoyant gold sector, which saw the JSE gold index rise to its fifth consecutive record high at 1,960 despite an easier bullion price.

Mr Cyril Ramaphosa, general secretary of the NUM, emerged from a three-hour underground inspection tour of the gallery 1,600m underground where the fire broke out to tell journalists gathered around the mining complex entrance that "we believe the accident could have been avoided."

After talking to mine officials and two survivors of the original fire, Mr Ramaphosa tentatively endorsed management's original account that the fire started when a gas cylinder being used to weld a broken rail exploded, setting fire to plastic foam sheeting and cables coated with flammable PVC, which in turn gave off clouds of toxic gas.

But he said on first inspection more precautions should have been taken when welding underground and noted the absence of a fire extinguisher nearby, which be said was "highly irregular in the inflammable environment of a mine." He added that the union was not satisfied with the type of materials used underground, particularly the use of PVC and rubber-coated cables and the foam used to line the tunnel walls.

The union executive will meet today to decide its course of action. This could include a short work stoppage in honour of the dead similar to the 30 minute stoppage which followed the Hlobane colliery disaster in 1983, when 68 men died, Mr Ramaphosa said.

Analysis, Page 3; Tale of death and deception, Page 20

NatWest to sell shares in US

BY DAVID LASCELLES, BANKING CORRESPONDENT, IN LONDON

NATIONAL Westminster Bank, the UK's largest clearing bank, is to apply for a stock listing on the New York Stock Exchange, and support it with an issue of new shares that would raise £121m (\$178m) from US investors.

NatWest said yesterday that the issue, which will have to be approved by its shareholders at a special meeting on October 14, is expected to be the first public offering of equity securities by a foreign bank in the US.

Lord Boardman, NatWest's chairman, said the listing and the issue would support the bank's activities in the US, where it owns the country's 25th largest bank measured in terms of deposits. The exercise is also expected "to enhance the group's standing in international capital markets, to broaden its shareholder base and, by stimulating wider shareholder interest, to promote the marketability of the bank's shares," he said.

NatWest intends to create 24.2m new shares, equivalent to just over 3 per cent of its outstanding stock. These will be packaged into American Depositary Receipts, the form in which foreign shares are usually traded on the US market. At Monday's closing price of 542p, NatWest said, the issue would realise £121m after expenses. Last night, NatWest's shares closed at 534p, down 1p on the day, having rallied from 525p on news of the New York plans.

The ADRs, which will each represent three ordinary shares, will be offered at a price in dollars based on the price of NatWest's stock on the London Stock Exchange just before the issue is launched. The date of the issue will be decided after the shareholders' meeting.

The proceeds will be used to strengthen the bank's capital and provide funds for further growth, Lord Boardman said. This growth would be achieved by developing existing businesses, establishing new subsidiaries, and making acquisitions when the opportunities arise.

NatWest made a record £714m rights issue in June and is in no pressing need for new captial. However, it has been advised by its US investment bankers that a sizeable issue of new shares would aid the listing and stimulate trading. It would also raise awareness among US investors who have only recently begun to take an interest in foreign bank stocks.

The issue is being managed by Morgan Stanley, the Wall Street investment banking firm, with Merrill Lynch Capital Markets and Shearson Lehman Brothers as co-lead managers. Mr Philip Wilkinson, NatWest's chief executive, and Mr Charles Green, the general manager in charge of financial control, will be visiting the US early next month to make presentations to US institutions. But the aim is also to attract individual shareholders.

Lex, Page 20; News analysis, Page 23

Sterling declines against firmer D-Mark

By George Graham in London

A STRENGTHENING D-Mark yesterday pushed the dollar lower in foreign exchange markets and knocked the pound below an exchange rate of DM 3 for the first time.

West German investors moved resources back into their own currency after Mr Karl Otto Pöhl, president of the Bundesbank, said in an interview with the Financial Times that he intended to stand firm against US pressure for an early cut in West Germany's interest rates.

The rise of the D-Mark put increasing pressure on other currencies in the exchange rate mechanism (ERM) of the European Monetary System. Dealers said the French central bank had intervened in the market to sell D-Marks and the Danish krone, the weakest currency in the ERM, closed in London below its lowest permitted level against the West German currency.

In London there were also some reports that the authorities had intervened in support of sterling, but the Bank of England would not confirm this.

The UK authorities have been willing to tolerate some depreciation of sterling in response to external factors, especially the decline to oil prices and its effects on the country's balance of payments.

The reluctance of the West German central bank to lower its interest rates is also viewed as an external factor, so a resulting fall in sterling's exchange rate would be expected to cause less anxiety to the UK authorities.

An exchange rate of DM 3 to the pound has relatively little significance to chart-based dealing programmes, traders said yesterday, but its psychological significance had been expected to present more of a barrier. Once DM 3 had been broken, however, it became a chart ceiling to the pound's new trading range.

Sterling moved as low as DM 2.9875 but closed in London at DM 2.9925, a loss of 3¼ pfennigs on the day. The Bank of England's trade-weighted exchange rate index ended at 70.3, a whisker above its lowest ever level of 70.0, reached in February 1985.

Stock markets made a modest recovery in Europe and America yesterday after the sharp falls of the past week, but bond prices continued to slide. In London, longer dated gilt-edged government securities lost up to ½ point. In early trading in New York the US Treasury long bond had lost ½ point to yield 7.64 per cent.

IMF annual report, Page 20; Money markets, Page 37

US expels 25 Soviet officials on eve of talks

BY STEWART FLEMING IN WASHINGTON

THE US yesterday demanded that 25 Soviet officials at the United Nations in New York leave the country by October 1.

Washington's decision to name the officials coincided with the arrival in the US of Mr Eduard Shevardnadze, the Soviet Foreign Minister, who is to hold talks beginning tomorrow with Mr George Shultz, US Secretary of State.

It also came as the Reagan Administration faced mounting pressure from conservatives to take a tougher line with the Soviet Union over the arrest in Moscow of Mr Nicholas Daniloff, a US journalist, on spying charges.

The State Department denied that yesterday's move was linked to efforts to free Mr Daniloff. It was part of a long-planned forced reduction of Soviet UN staff. The Reagan Administration announced in March that Moscow would be required to reduce its UN staff from 275 to 170 over a two-year period.

The naming of the Soviet UN employees and demand for their expulsion by October 1 nevertheless threatens to broaden the confrontation with Moscow over the Daniloff case. Soviet UN officials last week described as illegal the US demand that Moscow reduce the size of its UN mission.

Yesterday's move was seen as a clear signal that Washington is prepared to retaliate against the arrest of Mr Daniloff and is determined not to accept a straight swap of Mr Daniloff for the alleged Soviet spy, Mr Gennadi Zakharov, who is being held in the custody of Mr Yuri Dubinin, Moscow's ambassador to the US. President Ronald Reagan has assured Mr Mikhail Gorbachev, the Soviet leader, that Mr Daniloff is not a spy.

Washington insists thet the Soviet mission in New York is a nest of spies.

Even as the tougher line on the Daniloff case was emerging, however, the Administration let it be known that its avowed policy of not allowing President Reagan to be held responsible for derailing arms talks and the possible summit was still intact.

The New York Times and the Washington Post reported yesterday that President Reagan had decided to explore a Soviet proposal for verifying an agreement on avoiding accidental war in Europe which is being negotiated at a 35-nation East-West conference in Stockholm. This suggestion, however, was firmly denied yesterday by the US delegation in Stockholm.

There were also reports that when arms control talks resume in Geneva today, US officials might seek to move closer to the Soviet position by modifying its proposed 30 per cent reduction in long-range nuclear weapons in a way which would permit the Soviet Union to retain a larger number of the heavy land-based missiles which are the core of its nuclear defences.

Ford close to deal with Alfa Romeo

BY ALAN FRIEDMAN IN MILAN AND JOHN GRIFFITHS IN LONDON

FORD appears set to take majority control of Alfa Romeo, the loss-making Italian car maker, within three years. The US group would pay \$96m for an initial 20 per cent shareholding, under an expected agreement with IRI-Finmeccanica, the state holding company which controls Alfa. Details were leaked yesterday in Rome.

The move to 51 per cent control would be automatic, not an option. Ford would also agree to finance, in proportion to its shareholding, its part of \$2.6bn of investments in Alfa over the next seven to eight years. Ford and Finmeccanica have both said this week that they were close to an accord.

Fiat, however, jumped back into the ring yesterday, declaring that it would soon disclose new proposals for Alfa "which will interest all of the world."

Mr Giuseppe Tramontana, Alfa Romeo managing director, said the Ford-Alfa agreement, if approved, would be in line with the plan to "return Alfa to financial health." Mr Tramontana said Alfa's 1986 loss would be L220bn (\$156m), around half of last year's level.

In London, Ford took a more circumspect approach. It acknowledged that there had been a "meeting of minds" between the negotiators, but it stressed that no formal offer had been made, and was unlikely to be made, until next week at the earliest.

While Ford would not comment formally on the financial details of the purported agreement disclosed

Continued on Page 20

CONTENTS

EUROPEAN NEWS

Bonn likely to end opposition to private use of Ecu

BY JONATHAN CARR IN FRANKFURT

WEST GERMANY is likely to give up soon its opposition to private use of the European Currency Unit (Ecu)—a stand for which it has long been criticised by its European partners.

A majority in the Bundesbank's policy-making council is now understood to be in favour of dropping the ban on residents holding private Ecu bank accounts in West Germany.

Although the Ecu issue lies within its own responsibility, the independent central bank is now believed to be waiting for a signal to move from the Bonn government.

Mr Martin Bangemann, the economics minister, is already known to want the Ecu ban removed, on grounds that it places German business at a competitive disadvantage.

Mr Gerhard Stoltenberg, the finance minister, has taken a tougher line—not least because he wished to use the Ecu issue as a bargaining counter in the drive to liberalise capital movements in the EEC.

But with other states, notably France, making clear progress to cut capital controls it is believed that Mr Stoltenberg is now close to dropping his opposition.

The Bundesbank bases its formal opposition to the Ecu on Section 3 of the country's currency law which forbids indexed liabilities — that is debts whose value depends on other currencies but which are payable in D-Marks.

The Ecu — as a basket of nine different European currencies — has so far been held to involve just such a form of indexation. The Bundesbank said it feared if permission were given to Ecu accounts, a precedent would be set for other forms of indexation — which could imply more inflation.

However, there have long been West German monetary officials privately ready to admit that while this strict formal argument is correct in theory, the fears are highly unlikely to be realised in practice.

Mr Bangemann: competitive disadvantage

These officials have expressed regret thot West Germany — especially the Bundesbank — thus drew widespread criticism over an issue they felt was not worth the political fuss.

The likely removal of the ban soon does not imply that German monetary authorities are now attaching more importance to the Ecu — if anything the reverse may be true.

Despite the general success of the Ecu in private commercial use, German authorities do not see the basket as a challenge to hard currencies — and certainly not to the D-Mark.

It is recognised that the Ecu serves a useful purpose — for example for foreign trade transactions from relatively weak currency countries. At present the attraction of Ecu-denominated investment is felt to be much less clear, not least because of the weakness of the pound sterling (which has a weighting of 14.3 per cent within the Ecu basket, although Britain is not a formal member of the European Monetary System's exchange rate mechanism).

Comecon urged to accept market-oriented reforms

BY LESLIE COLITT IN BERLIN

A PROMINENT Hungarian economics official has warned that Comecon countries would only succeed in accelerating technological growth by introducing market-oriented economic reforms and permitting a more free flow of information.

Dr Bela Csikos-Nagy said that only the "profit motive" and not Comecon's central authorities could help solve the problem of a chronic technological lag behind the West. Dr Csikos-Nagy headed Hungary's Office of Materials and Prices until 1984 and is a senior economic adviser to the government on industrial policy.

He indicated that anything short of a sweeping "market economy" solution would not help Comecon out of its technological rut.

His provocative remarks appeared in an economics review published by the Hungarian Chamber of Commerce which is urging wider-ranging economic reforms for the flagging Hungarian economy.

The *economist* noted that in the West the results of basic research in the military sector were quickly applied to the civilian economy. But in the Communist countries the civilian sector was discriminated against as it was "more sharply separated" from the military. This, he said, partly explained the technological transfer from West to East in East-West trade which appeared to demonstate only the West's technological lead.

Accelerating Comecon's technological development, he argued, was "unthinkable" without lowering the barrier between military and civilian sectors and creating "a more liberal flow of information."

But even that, he said, would not solve the basic problem. Although Communist countries spent a larger proportion of GNP on research and development than the West, he noted, the latter was well ahead in application. In the West the "profit motive is a strict regulator" in *reducing* the crucial time factor in innovation while the "marketing mentality" strictly selects research projects.

Both these elements he claimed had nothing to do with capitalism in the West. They emanated *from* management.

Dr *Csikos-Nagy* said that in the central state administration the time-frame consisted of "calendar years" and quarters to which industry had to adapt. The entrepreneur, however, thought in terms of production cycles which caused "constant conflicts" between government and Comecon producers.

Patrick Blum reports on the change which could affect the social partnership ethos

Austria faces up to industry rationalisation

REGARDLESS OF who wins Austria's general election in November, the country's nationalised industries are facing their biggest upheaval since they were *established* shortly after the war.

Government plans, inconceivable only a year ago, for major restructuring involve drastic cuts in the labour force and some measure of privatisation. They will be pursued, probably with even more determination, after the election.

There are two reasons for this: First, the governing Socialist Party and the conservative opposition People's Party, are agreed that change is needed and that some of it will be painful. There is no alternative to major restructuring for the state sector, whose burden on the budget must be lessened, they believe.

Second, the public mood has changed. Following years of mounting deficits for some of the larger state companies and the dramatic Sch 11.75bn (£550m) losses last year of Voest-Alpine, the steel and engineering group, public dissatisfaction with the nationalised industries has become widespread.

They are seen as inefficient, costly, and open to patronage and corruption, and impatience with the failure of past Socialist Governments to tackle these problems is growing.

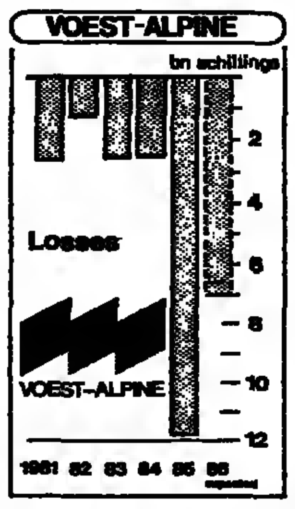
Dr Franz Vranitzky, the Chancellor has caught the public mood with his emphasis on efficiency and his uncompromising support for sweeping rationalisations of Voest-Alpine, the largest state company. The restructuring plan presented by Voest-Alpine's new management earlier this month involves shedding about 10,000 of the company's workers within four years as part of a *drastic programme to turn the* company round. This announcement of the biggest layoffs in Austria's post-war history shocked the public, which has grown accustomed to governments bailing out state-owned companies in an effort to keep down unemployment. Dr Vranitzky's strong backing for the plan caused further surprise. For a Socialist Chancellor, this was a dramatic shift in policy and a gamble.

The call for a general election following last weekend's collapse of the Socialist-led coalition with the small right-wing Freedom Party came before Dr Vranitzky's policy could be put to the test. Initial reactions suggest however that the gamble was paying off and that his Government would succeed without having to face damaging strikes and protests from the trade unions or opposition from within his own party.

Since Dr Vranitzky, a former banker and Finance Minister, was appointed Chancellor last June the pace of change in Austria has accelerated.

There are plans for several of the smaller companies and one or two medium-sized ones to be sold off; some of the larger companies will be encouraged to find private, possibly foreign, partners and others to raise funds on their own account in the capital markets or by issuing shares on the stock exchange.

Dr Vranitzky warned that the



Government would not continue to provide endless subsidies to state companies unable to improve their performance. He believes that long term social benefits can only be secured with a sound economy and companies that generate profits rather than losses. Voest-Alpine is the first test for the new strategy.

The strategy appears to be succeeding, despite protests from local politicians and a strong attack by Dr Alois Mock, the People's Party leader, who described the crisis at Voest-Alpine as symptomatic of 16 years of Socialist mismanagement. The People's Party has long argued in favour of rationalisations and Mr Robert Graf, its economic spokesman, made clear this week that his party would not proceed very differently from what is now being proposed.

With the strong likelihood of a coalition Government being *formed between the Socialists* and the People's Party after the election the consensus is likely to prevail.

The response of the trade unions has been remarkably muted. There have been no threats of strikes and Mr Anton Benya, the veteran socialist president of the Austrian trade *union federation, has said that* he supports the company's plans, with the proviso that there should be additional help for the regions most affected. Other senior trade unionists have warned workers against "overhasty reactions."

Change is also evident in the Socialist Party, whose fractious factions have united behind Dr Vranitzey's strategy in the belife that it is their only hope of retaining power. Change is inevitable after 16 years in Government, the Socialists believe.

The lack of protest so far may be just the calm before the storm. "We still don't know whether people will accept these measures," says Dr Max Kothbauer, a close aide to Dr Vranitzky. Another aide adds: "people are still waiting to see whether it will really happen. The difficulty will be when they realise that there will be no turning back."

Voest-Alpine's plans were to be approved in parliament in October since they involve a further injection of Sch 21.5bn in subsidies for the company to cover expected losses and restructuring costs. With the parliament to be dissolved for the elections, the Government is now looking at means of ensuring that the company will receive sufficient cash to cover *this* year's expected losses of about Sch 7bn while leaving approval of the full financial package until after the election.

To ease the social blow and limit the political damage the Government is to provide additional social benefits, higher financial incentives for investments in the worse affected regions and simpler procedures for setting up new businesses. The idea is to develop these regions' infrastructure, especially transport.

The Government has been anxious not to undermine the unique Austrian social partnership — the institution which brings together employers, labour, the Government and, indirectly, political parties to settle conflicts through consensus.

This system has spared Austria the damaging social and labour conflicts seen elsewhere in Western Europe. Strikes are near non-existent, to be counted in seconds per year per employee.

The counterpart to industrial peace and co-operation from the unions is a commitment that Governments will intervene in the economy and especially through the nationalised industries to maintain jobs and living standards.

Dr Vranitzky is now saying that this is no longer possible. He has opened up new ground for the social partnership as well as promoting a radical change in attitudes and industrial relations practices.

W German 35-hour week sought

WEST GERMANY'S metalworkers union, which struck for *shorter hours in* 1984, gave notice yesterday that it aimed for a reduced 35-hour week in new contract negotiations starting soon, Reuter reports from Esslingen.

Delegates of IG Metall in Baden-Wuerttemberg, spearhead of the shorter working week campaign two years ago, based their decision on the results of that dispute which achieved a 38.5-hour week.

They said shorter hours had created 100,000 new jobs in the engineering industry. A campaign for more jobs had to be continued at a time when West German unemployment totalled 2.12m, they said.

The seven-week-long 1984 strike in the Stuttgart area mainly hit makers of electrical and mechanical components for the nation's car industry, most of which had to stop production.

The Baden-Wuerttemberg delegates, whose area contains 970,000 engineering workers, are traditionally the first to start wage negotiations for their members.

The results of their efforts—the next contract talks concern 1987—set the pattern for the rest of the nation's engineering workers and for many other unions.

Meanwhile, IG Metall headquarters in Frankfurt said 10,600 workers in the North Rhine-Westphalia steel industry, which includes the industrial Ruhr, stopped work briefly yesterday to demonstrate against the lack of progress in their wage talks.

The union, which negotiates separately for steelworkers, is asking 4.4 per cent for a 12-month contract period and has turned down an offer of 3.7 per cent for 14 months.

The next round in the talks, which involves wages only, start next Monday. The results will affect 190,000 steelworkers.

Bidder for French TV 'hopeful'

BY PAUL BETTS IN PARIS

LUXEMBOURG has stepped up its campaign to gain access into the French deregulated television broadcasting market after a meeting in Paris between Mr Jacques Chirac, the French conservative Prime Minister, and Mr Jacques Santer, the Prime Minister of Luxembourg.

Mr Santer declared after the meeting that the chances of the Luxembourg-based Compagnie Luxembourgeoise de Telediffusion (CLT) to penetrate the French television broadcasting market were now encouraging.

CLT has long had ambitions to acquire an important stake in a French national television network as well as a channel on the French TDF-1 direct television broadcasting satellite due to be launched next year.

However, CLT's efforts to break into the French national television market in a big way had been thwarted by the previous Socialist government which saw in CLT a direct rival to broadcasting interests favourable to the French left.

Since the victory of the right in the French parliamentary elections last March and the decision of the new conservative government to cancel the private television concessions granted by the former left-wing administration, CLT has seen its chances of gaining a substantial stake in a French national television channel increase.

CLT now seems to have its sights firmly set on the French private commercial channel known as La Cinque, or the fifth channel, currently operated by a partnership involving Mr Jerome Seydoux, chairman of the private French Chargeurs transport and media group, and Mr Silvio Berlusconi, the Italian television entrepreneur.

Visa rule upsets Scandinavians

BY OUR NORDIC CORRESPONDENT IN STOCKHOLM

SENIOR OFFICIALS of the five Nordic countries are to meet today to prepare a joint protest to the French Government against the inclusion of Scandinavians among those foreigners requiring visas to enter France as part of Paris's latest measures to combat terrorism.

The only Nordic country not to be hit by the visa requirement is Denmark, which is a member of the European Community.

The other four Nordic countries—Sweden, Finland, Norway and Iceland—are aiming to be made exceptions to the visa requirements in the same way that EEC states and Switzerland were excepted.

"It is hard to differentiate between EEC members and members of Efta (European Free Trade Association)," said a senior official in the Swedish Foreign Ministry last night, "we have a free trade agreement with the Community."

Mr Carl Bildt, leader of the Swedish Conservative Party, the main opposition party, said, "it is disturbing and serious when it is easier to travel from Sweden to some East Bloc countries than to France."

According to the French regulations it will be necessary from October 1 to obtain a visa in the country of origin before travelling to France, excepting for citizens from EEC states and Switzerland.

John Wicks adds from Zurich: Switzerland may consider the introduction of visas for the entry of "citizens of certain countries," according to Dr Peter Huber, head of the Swiss Federal police.

The visa restrictions ordered by the French Government could prove to be a "sensible measure" against terrorism. Dr Huber claimed that between 100 and 200 terrorist sympathisers live in Switzerland, including a hard core of 30 to 40 persons.

At the same time, Mr Eugen Thomann, chief-of-staff of the Zurich cantonal police, expressed misgivings that the exclusion of Switzerland from the French visa ruling could tempt terrorists to use Switzerland as a base.

Arab held in Athens on way to Cyprus

BY ANDRIANA IERODIACONOU IN ATHENS

AUTHORITIES ARE holding an Arab woman on charges of illegal possession of firearms after she was arrested at Athens airport on Monday as she was about to board an aircraft bound for Cyprus with Mr Spyro Kyprianou, the President of Cyprus, on the passenger list.

Two Arabs and a Briton are serving life sentences in Cyprus for the murder one year ago of three Israelis. Arab gunmen who *hijacked* a Pan American jumbo jet at Karachi in early September had demanded the release of the prisoners.

The woman, named as Mrs Antoinette Nasif, 45, a Lebanese, was travelling to Lanarka in Cyprus via Athens as a transit passenger when a box containing 250 22m cartridges was *discovered in one of her* three suitcases.

In Athens the box of ammunition was found along with a telescope in an airline security inspection of check-in luggage specially laid on by Cyprus Airways for "presidential flights." Mr Kyprianou as a rule travels to Greece on commercial Cyprus Airways flights.

Last Saturday, Turkish police detained three Iranians who were caught at Esenboga airport with a booby-trapped attache case, AP reports. Officials said the Iranians were attempting to sneak the attache case past a security check before *boarding an aircraft for* Northern Cyprus.

Doubts over East-West conference

By Our Diplomatic Correspondent in Stockholm

SOME WESTERN delegates were last night expressing doubts that the East-West conference on security and confidential building measures and disarmament in Europe could be concluded by tomorrow night's deadline, although this was still the aim.

Even if all the tricky problems on inspection and verification of military activities and the size of military manoeuvres which have to be notified are solved in time, the US might delay a final agreement until the outcome of the meeting in Washington between Mr George Shultz, the US Secretary of State, and Mr Eduard Shevardnadze, his Soviet opposition number, is known.

That meeting, given the present tension between the US and the Soviet Union over the case of Mr Nicholas Daniloff, the US journalist accused of spying by Moscow, and Washington's expulsion yesterday of 25 United Nations diplomats, might complicate the last stages of the bargaining process in Stockholm.

Fears about the US's possible intentions prompted Britain and West Germany to send an appeal to the US to stick to a unified Western position in Stockholm, West German officials said in Bonn yesterday.

The officials said that the two countries' foreign ministers, Sir Geoffrey Howe and Mr Hans-Dietrich Genscher, had written to Mr Shultz stressing that Washington's European allies wanted to see the Stockholm meeting brought to a successful conclusion.

Meanwhile, there was *no* indication last night that the most serious obstacle to an agreement here, the question of which countries should provide the aircraft used to observe military manoeuvres, was any nearer to a solution. The US delegation categorically denied reports, published in an *American newspaper, that Washington* was about to make a concession on this point to the Soviet side, which has always insisted that the observer aircraft should be provided by the inspected country.

The US delegation said that it was sticking firmly to the Nato position that the aircraft *should be supplied* by neutral countries, such as Switzerland.

The things grown-ups talk about in Stockholm

By Robert Mauthner in Stockholm

THOSE who believe that security and disarmament conferences are all about limiting nuclear warheads and troops would be surprised to learn some of the things grown-up men and women *are currently* discussing in Stockholm.

Though the general subject of the 35-nation conference involving the US, Canada and all Western and Eastern European nations except Albania, is serious enough—confidence and security-building measures and disarmament in Europe—the detailed negotiations sometimes border on the absurd.

Thus, one of the more important issues, now settled to Nato's satisfaction, is whether observers of other countries' plural manoeuvres should be allowed to bring their own binoculars. It was feared by the Western countries that the Soviet Union, or East Germany, could supply Western observers with binoculars with misty or deficient lenses which would give them no more than a blurred picture of the Warsaw Pact's armed might.

For similar reasons the West has apparently insisted that observers should be allowed to supply their own maps, in case the devious Russians should provide erroneous charts which could lead observer aircraft and jeeps to end up in the icy wastes of northern Siberia rather than in the area where manoeuvres are taking place.

But even with the most powerful binoculars and most detailed maps in the world, observers still fear that other traps will be set for them by the inspected countries. The devilish Russians, for instance, might fly aeroplane-loads of Western observers well above the cloud ceilings, thereby blocking any view of what is happening on the ground. This necessitates detailed rules about who should provide the aircraft and the pilots, as well as the altitude at which they should fly.

Nor, according to the West, should the Eastern countries be allowed to supply the aircraft used for observing manoeuvres in case its windows turn out to be opaque, thus transforming it into a kind of flying bathroom.

The discussions on this matter led one delegate to suggest—how seriously has yet to be established—that observer aircraft should be glass-bottomed, like Jacques Cousteau's bathyscaphe.

Faced with such problems, delegates have let their imaginations run riot. One suggestion — made in the corridors rather than in the plenary session — was that the toilets of spotter aircraft should be used to provide extra seats so that more observers could be packed into the airplane.

The Alice in Wonderland atmosphere of some of the debates has been mirrored in the complicated organisation of the conference into two main working groups with five sub-groups, which took almost a year to establish after the start of the conference in January 1984.

As a result, it is hardly surprising that this is the only international conference which openly admits that so-called "coffee groups" are an important part of the negotiating structure. They are said to be entirely informal and off the record, but they are nevertheless officially designated. "The coffee groups meet much more frequently than the other working groups and it is there that the real work is done," a senior delegate explained.

If the Stockholm conference ends this weekend in what is hoped to be the first important East-West agreement of the decade, it will be thanks largely to the huge quantities of the dark brown liquid consumed at these meetings. Dr Johnson would have approved.

Kohl and Thatcher visit Nato troops

CHANCELLOR HELMUT Kohl of West Germany right, aboard a tank during a visit he and British Prime Minister Mrs Margaret Thatcher yesterday made to British and German troops at Fallingbostel West Germany.

Both leaders fired the guns of their armies' main battle tanks in a demonstration of their countries' commitment to defend Nato's general front, Reuter reports from Fallingbostel.

Mrs Thatcher flicked the firing switch on Britain's Challenger tank *to send a 120mm shell hurtling at* an imaginary Soviet target on a ridge in Nato's biggest exercise range in Europe.

Moments later Chancellor Kohl took aim at a second target from a West German Leopard 2 tank.

"We both hit our targets dead on," Mrs Thatcher said afterwards.

Mrs Thatcher and Chancellor Kohl arrived earlier by helicopter from Bonn where they held talks on South Africa, terrorism, East-West relations and nuclear power safety on Tuesday.

As the two leaders mounted a podium to be greeted by a military honour guard, warning sirens wailed out over north-western Germany in a periodic test of the country's nuclear war alert system.

Mr Kohl wore the leather helmet of a tank commander, and Mrs Thatcher a silk headscarf and goggles as *they rode* across the range in the commanders' turrets of their tanks.

The two leaders watched a mock battle in which the tanks and British and West German anti-tank helicopters displayed how they would engage an invading Soviet armoured division.

FINANCIAL TIMES

Published by The Financial Times (Europe) Ltd., Frankfurt Branch, represented by E. Hugo, Frankfurt/Main, and, as members of the Board of Directors, F. Barlow, R.A.F. McClean, G.T.S. Damer, M.C. Gorman, D.E.P. Palmer, London. Printer: Frankfurter-Societäts-Druckerei-GmbH, Frankfurt/Main. Responsible editor: C.E.P. Smith, Frankfurt/Main. Guiollettstrasse 54, 6000 Frankfurt am Main 1.

FINANCIAL TIMES, USPS No. 190640, published daily except Sundays and holidays. U.S. subscription rates $365.00 per annum. Second class postage paid at New York, N.Y. and at additional mailing offices. POSTMASTER: send address changes to FINANCIAL TIMES, 14 East 60th Street, New York, N.Y. 10022.

Hawke launches attack on restrictive work practices

BY RICHARD HUBBARD IN CANBERRA

AUSTRALIA'S Prime Minister, Mr Bob Hawke, has announced a major attack on restrictive work practices, and the relaxation of export controls over a range of resources such as oil and coal, in a bid to improve the international competitiveness of the economy.

The first stage of the Prime Minister's initiative will be a Government-sponsored meeting of union and employer organisations next week, to discuss practical ways of changing established work and management practices to improve productivity and reduce costs.

The Hawke Labor Government's decision to tackle the issue of restrictive work practices is a sign of how far community attitudes to a range of industrial issues have shifted in the face of Australia's worsening trade position and declining economic prospects.

The Government has had widespread acceptance of a tough budget which cut outlays and increased taxes, and its decision to push for further cuts in real wages at the next national wage case has raised few qualms within the union movement.

The Government has also decided to free resource companies from much of the official red tape which has hampered their international competitiveness.

Oil companies will no longer have to get prior approval of export prices for any crude oil surplus to domestic needs which they intend to sell overseas.

The requirement to obtain prior approval of negotiating parameters for coal export sales has been removed. In future, companies will only be required to seek approval of final settlements.

The Government has also removed the requirement on exporters of bauxite and alumina to obtain approval for their negotiatitng proposals.

Export controls on tungsten are to be terminated to bring this commodity into line with tin, where controls were lifted in July.

Action is to be taken in the problem area of international marine insurance where Australian insurers have had a poor record due to high stamp duty charges by world standards.

Stamp duty has been lifted on contracts written in the territory under direct Federal Government control, and state governments have been asked to co-operate and remove the duties Australia-wide.

UK faces nuclear clean-up cost

BY OUR CANBERRA CORRESPONDENT

THE BRITISH Government will be asked to pay the full cost for the clean-up of nuclear test sites used over 30 years ago in Australia, under a decision announced in Canberra yesterday.

The Australian Government has decided it will compensate civilians and Aborigines who can show any evidence of illness caused by the nuclear testing, but will push ahead with efforts to make the British pay to remove the plutonium and chemical waste which at present litter the site.

The decision is certain to anger British authorities and strain relations between the two countries. The UK Government has consistently argued that the issue of cleaning up the sites was settled in agreements signed in 1968 and 1979, and it has no remaining legal or moral responsibilities for the area.

The moves represent the Australian Government's official response to recommendations of the Royal Commission into British Nuclear Tests in Australia.

The commission, established in 1983, took evidence from those involved in atomic testing conducted during the 1950s and 1960s et Maralinga, Emu Field and the Monte Bello Islands in Central and Western Australia.

At this stage, the Australian Government is not seeking immediate British compensation, which it knows will be a hard fight, until it has a clearer idea of the full feasibility of the clean-up.

Senator Gareth Evans, Minister for Resources and Energy, said the Australian Government does not yet know the full cost of the clean-up for which it will bill the UK Government.

The British Government maintains it has discharged all its obligations over the test sites.

Its position is that it remains to be convinced, in the light of the clean-up of the sites which did take place in 1967 and the release signed by the Australian Government the following year, that it had either a legal or moral responsibility.

HK economy expected to grow by 5.6% this year

BY DAVID DODWELL IN HONG KONG

HONG KONG'S economy is likely to grow by 5.6 per cent this year, according to Mr Piers Jacobs, the territory's Financial Secretary, in his half-yearly economic report, released yesterday.

As predicted earlier this year, a strong export performance is expected to provide the impetus for growth.

The new forecast contrasts strikingly with economic growth of a bare 0.75 per cent last year, as measured by Gross Domestic Product. It is also a 1 per cent improvement on forecasts made at the time of the annual budget in February.

Mr Jacobs, presenting his first economic review since taking over as Financial Secretary from Sir John Bremridge, also expects private consumption to grow strongly—by 6.5 per cent in real terms compared with original forecasts of 3.5 per cent—inflation to remain below 3 per cent, and unemployment to remain neglibile.

Hong Kong's domestic exports have risen by 8 per cent in the first half of 1986, boosted by a 14 per cent increase in the second quarter, Mr Jacobs said.

Exports to West Germany have been particularly buoyant, rising by 29 per cent in the first half of the year. The forecast for the full year is now 32 per cent. Exports to the UK are expected to rise by 12 per cent, and to Japan by 16 per cent.

In contrast, exports to the US have risen by just 5 per cent as recently-introduced protectionist measures begin to bite.

With all of this taken into account, the Financial Secretary is predicting a visible trade deficit for the year of HK$390m (£36m), an imperceptible 0.1 per cent of total trade. This would follow a surplus last year of HK$2.5bn.

Devaluation protests hit Indonesia

By John Murray Brown in Jakarta

FIRST INDICATIONS of opposition to Indonesia's recent 45 per cent devaluation of the rupiah surfaced yesterday with student protests in the provincial capital of Bandung.

The incident occurred as President Mitterrand of France, who is on a four-day state visit, was touring Indonesia's state-run aircraft manufacturer, IPTN. The President is reported to have been jostled by a 2,000-strong crowd carrying banners critical of the Indonesian Government.

Meanwhile, Gen Benny Murdani, armed forces chief, has put the army on alert in Jakarta following reports of riots in the capital on Monday.

Indonesia, the world's fifth most populous country, faces an estimated $5bn (£3.3bn) current account deficit following the sharp drop in world oil prices.

S. African mines safety reflects dangers, say experts

BY STEFAN WAGSTYL IN LONDON

MINING SAFETY experts in the UK and the US yesterday acknowledged that South African mines were fitted with some of the most advanced safety equipment in the world.

But they said that this reflected the fact that working conditions were among the most difficult and dangerous anywhere since South African gold mines are the deepest in the world and miners frequently have to work in particularly cramped conditions, sometimes in tunnels less than four feet (1.2m) high.

Mr Sam Stafford, an official at the US Government Mine Safety and Health Administration, said: "We consider that South Africa has some of the most advanced safety-conscious equipment and safety training we have seen."

However, the mine safety experts also pointed out that safety did not depend only on technology and training but also on the relationships between managers, supervisors and workers.

"It matters whether they are always thinking about each other's safety. You have to say to yourself that my safety depends on the other man's safety," said one engineer.

Black South African mine workers repeatedly say that, whatever a company boardroom's attitude to black workers, mine managers and supervisors often treat them with contempt.

Some South African mining executives accept that this is occasionally the case – but reject any suggestion that managers are ever reckless with men's lives.

Moreover, South African gold mine safety standards are directly related to the nature of the industry. In the US and Australia the high wages needed to persuade people to work underground have long ago led to enormous financial pressure for increased mechanisation and have reduced the workforce. So an accident is likely to kill only a few people at worst.

In the US, Mr Stafford said: "When we have more than five deaths, that's a major disaster."

By contrast, the South African gold industry can still afford to be labour-intensive, with a single mine employing tens of thousands of workers.

Mining companies say that the gold seams are often too narrow to be profitably mined mechanically. That is true, but in industrialised countries that would have led to mine closures – not the continuation of labour-intensive methods.

It is difficult to compare international safety records because the figures are expressed in different ways. The mine death toll in the US has fallen from 1,420 a year in the early 1930s to 206 in 1984 and 122 last year, a record low.

The world's worst mine disaster happened in China in 1942, when 1,572 people died in a coal dust explosion at Honkeiko mine, in the north-east of the country.

In Japan a gas explosion killed 452 at the Mitsui Miike mine in 1963.

In Britain's worst accident, 439 men died at Senghennydd coal mine, south Wales, in 1913.

South Africa's worst accident was in 1960 when a cave-in killed 437 miners at Coalbrook North colliery.

The biggest US disaster was at Monangah coal mine, west Virginia, when 358 died in an explosion.

AMERICAN NEWS

Paris Club and Mexico agree rescheduling deal

BY DAVID MARSH IN PARIS

MEXICO has taken a further step towards resolving its international debt problems with the agreement in Paris by western government creditors to reschedule $1.8bn (£1.2bn) fo the country's public sector loan payments due over the next 18 months.

The agreement, reached with representatives of 14 western governments led by the US et the so-called Paris Club of creditors, follows approval by the International Monetary Fund of a substantiol rescue package for Mexico carlier this month.

Under the Paris Club accord, 100 per cent of capital repayments, and 60 per cent of interest due between September 22 this year and March 31 1988 are to be rescheduled.

Payments originally designed to be made during this period by Mexican public sector agencies ot official creditors will be stretched out over 10 years with a six year grace period. They will begin in January 1992 and end in July 1996.

Mexico last came to the Paris Club to work out debt rescheduling in 1983. But the latest agreement is much more comprehensive as it covers debt owed by public sector borrowers rather than, as on the previous occasion, the country's private sector.

The US, with by far the laregst exposure to Mexico under government-to-government credits, clearly played on important role in paving the way for the Paris Club accord.

The club has become greatly more active in recent years in stretching out loans owed by Third World countries hit by the international debt crisis. It has also been taking a more flexible line over particular problem cases.

Indicating the stepped up pace of Paris Club activity, diplomats and civil servants from the main industrialised countries who attend its meetings have rescheduled about $36bn of debt since the beginning of 1983.

This is more than the amount previously stretched out during the whole of the club's 30 years of existence.

Peter Montagnon, Euromarkets correspondent, adds: With the Paris Club negotiations now out of the way attention is again focused on Mexico's negotiations with commercial bank creditors in the run-up to the International Monetary Fund annual meeting at the end of the month.

The IMF has asked commercial banks to secure "a critical mass" of commitments to $6bn in new loans for Mexico by September 29, but bankers close to the negotietions in New York say this deadline will be virtually impossible to meet.

Efforts to reduce the new money total are meeting resistance from the IMF on the grounds that it would be easier to scale back a large loan if Mexico's economic performance were better than expected rather than cut the amount now and risk having to arrange extra finance later.

US to give Bolivia $100m short-term loan

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

THE US has agreed to provide Bolivia with a $100m (£68m) short-term bridging loan while it negotiates further economic assistance from the leading international institutions such as the World Bank and International Monetary Fund (IMF).

Announcing the decision yesterday, the Treasury said the move was taken in response to Bolivia's "courageous" efforts to stabilise its economy and curb inflation.

The disclosure late last month that the Treasury was considering such a move prompted commercial bankers to suspect that the arrangement was also designed to reward Bolivia for its co-operation with the US in fighting narcotics trading.

However, the Treasury said yesterday the loan had no such motivation and was regarded purely as economic assistance to Bolivia in keeping with the Baker plan on easing the developing country debt problem.

Bolivia is one of the 15 countries designated as a beneficiary under the Baker plan. It has fallen badly behind with interest payments on its $3bn foreign debt and faces a further drain on its scant reserves as a result of the clampdown on the drugs trade.

Joe Kennedy II—jubilant.

Reagan suffers setback on SDI financing

By Nancy Dunne in Washington

PRESIDENT Ronald Reagan's missile defence programme has suffered a setback in the Senate where the appropriations committee on Tuesday cut the President's request for $4.8bn (£3.2bn) in funding for fiscal 1987 to $3.4bn.

By the time the appropriation emerges from a House-Senate conference committee, where Democrats want to spend even less, the funding is likely to shrink again to $3bn.

The President, who has thrown much of his prestige behind the Strategic Defence Initiative (SDI), has asked for $33bn over the next five years.

However, several senators are now predicting that appropriations for the so-called Star Wars programmes will remain about the same as next year's level, bringing the total five-year expenditure to about $15bn.

The Administration's five-year plan had called for SDI spending to rise from $4.8bn next year to $9bn in fiscal 1991. Now the Pentagon will have to make do with an increase of just $250m over last year to devote to research.

Meanwhile, the Democratic leadership conference, a group of moderates, has issued a report attacking the policies of the Reagan Pentagon.

The report suggests that the US should offer to reconsider SDI if the Soviets stop violating existing arms pacts:

● The US Force and General Dynamics have sealed a second multi-year contract for F-16 jet fighters totalling $4.3bn (£2.9bn) AP reports from Washington.

The contract calls for General Dynamics, the US defence company, to provide 720 F-16s by May 1991.

Primary wins for Kennedy clan

BY NANCY DUNNE IN WASHINGTON

TWENTY-FIVE years after President John Kennedy announced that "the torch has been passed to a new generation," his niece and nephew—the eldest children of his late brother Robert — have won primary victories for seats in the US House of Representatives, to be contested in the mid-term national elections on November 4.

The toughest win so far came on Tuesday for Mr Joseph Kennedy, 33, who beat 10 opponents to capture 53 per cent of the vote for the seat being abandoned by Mr Thomas "Tip" O'Neill, the retiring House speaker.

Last week, Mr Kennedy's sister, Mrs Kathleen Kennedy Townsend, won a Democratic primary in Maryland. It is she, now, who faces the toughest challenge in November against a well-entrenched Republican congresswoman, Mrs Helen *Delich Bentley*.

The new generation of political Kennedys have discarded much of the liberalism of their father, who was assassinated in June 1968 while running for president. Mr Joseph Kennedy proved his ability in business, setting up Citizens Energy, a non-profit company that contributes to low-income fuel-assistance programmes. He was attacked by liberals for his support of the US bombing of Libya and for endorsing capital punishment.

Mrs Townsend, fighting claims that she is an outsider trying to steal away a House seat, emphasises her husband's *family* ties to come from the district she seeks to represent rather than the Kennedy family

Mr Kennedy was able to draw on the financial resources of the family—he spent $1m (£676,000) on the race, twice lenge as much as his nearest chal-

In another key primary race Tuesday, Mr Brock Adams, a former congressman and Secretary of Transportation, made a strong showing in winnig the Democratic primary for a Senate seat.

Sandinistas woo peasant farmers

NICARAGUA'S left-wing Sandinistas have turned to a form of privatisation, handing over tracts of state land to the peasantry, often with rifles to defend it, in order to consolidate support in the countryside for their seven-year-old revolution.

This switch in the emphasis of agrarian reform, from state farms and peasant co-operatives to individual peasants who, like peasants everywhere, want their own parcel of land, started in earnest last year.

It has been pursued with new urgency this year in the expectation that the US-backed contras, or counter-revolutionary forces —flush with the new $100m support purchase the Reagan Administration has just pushed through Congress and boned by a massive US training programme — will redouble efforts to establish a base inside the country.

"We are in a hurry to give out land," says Dr Orlando Nuzez, director of CIERA, the Agrarian Reform Ministry think tank. "For the producer in the countryside, the land is a small piece of his *patria*, his fatherland." The Sandinistas are trying to ensure that the peasants, the majority of the population, have a firm stake in the revolution, working on the assumption that *they* are more *likely* to defend what they own.

To this end, the small *campesino* will this year get more plots of new land than at any time since the 1979 revolution. Squatters received title to about a fifth of the country's agricultural land retrospectively legalised in the years to 1985.

Parallel with the land grants, the Government is deliberately raising living standards in the countryside at the expense of the cities, in what looks like a successful attempt to reverse the unmanageable flow of people into Managua, attracted there by a booming black economy.

Scarce goods and services are being channelled to the countryside on a regional quota basis: a Nicaraguan is now more likely to secure boots, beans, or a hattery 50 miles from Managua than in it.

Basic grains have been moved from fixed floating prices—and need a government license to cross provincial boundaries—in a bid to stimulate prodnetion and regional self-sufficiency and short-circuit Managua-based black market networks.

When the Sandinistas overthrew the *Somoza's family's* 40-year dictatorship, they took over that fifth of the country's land owned by the dynasty, raising this to over a third by 1985 by placing a theoretical upper limit of 350 hectares on private holdings, thereby allowing expropriation of underutilised land over this size.

Initial emphasis was on state farms and seven mega-projects in particular, which took the lion's share of what from 1979 to 1983 was the highest rate of agricultural investment in Latin America.

Officials generally accept that this created major distortions—especially in availability of inputs for small prodncers—in a country which is really a series of rural microecenomies. They point out, however, that following the ravages caused by the war against the Somoza regime they needed to retain the economies of scale of the large estates.

This thinking was carried into the drive to build co-operatives, and in resettling around 250,000 people, 8 per cent of the population, driven or brought out of Contra penetrated areas. It was thought co-operatives would be easier to defend against the Contras, whose incursions have caused a fifth of the population to be mobilised.

Conservative and suspicious peasants who did not want to join co-ops got no land, saw the big new schemes disrupting their often family-based, localised supply and production networks. The contras, moreover, set about destroying co-ops to discourage membership.

The Sandinistas now have publicly recognised these mistakes.

Commander Jaime Wheelock, the Agrarian Reform Minister, told the first national congress of Unag, the powerful small farmers' union, in April, that small-holders and the landless had been left out of Government planning but would now be at the forefront of it.

"We are going to create 20,000 new landowners this year," he

Its philosophy is to promote but not impose co-operatives and, with Swedish funds and Government tolerance, it is setting up its own, rival distribution network. It is more hostile to big landowners, who retain 11 per cent of all land, and merchants than are the Sandinistas.

In Acoyapa, in the central department of Chontales, the furthest into Nicaragua the Contras have penetrated, Unag has secured 44,000 hectares of state, *formerly Somoza, land* and this year has parcelled out a quarter of it.

Mr Luis Castro, the local Unag leader, explained recently that the rate of handover "depends on the belligerance" of disaffected local peasants. To get land, the thinking goes, you have to fight for it. Unag will ensure success if you organise into district committees and elect your own leaders.

Mr Miguel Angel Villegas, e 30-year-old Sandinista from Acoyapas chose to join and lead o credit and service co-op (with joint health, education, housing machinery and inputs but individual landholdings), having earlier failed in an attempt to set up a fully integrated production co-op, more favoured by the *Sandinistas. But his co-op* has received just nine Soviet-supplied AK-47 assault rifles for its 30 members, of the 1,000 the local Unag has requested, 350 of which have been handed out.

Mr Eugenio Solis, on the other hand, does not want to know about co-ops, which, he suggests, instil laziness as well as offer targets for the contras. A leathery-faced 58-year-old with seven children, he got the first land he has ever owned, 35 hectares, in May and is "working it with love, producing from it as much as it can give."

Both men are being accommodated in Acoyapa on divested state land. The Government is expropriating some private land, where it cannot meet proven peasant demand from its own stock. As e quid pro quo, it has abolished limits on private landholding, and the worst effect on private agrobusiness will be increased manpower shortages as men like Mr Solis leave the seasonal labour market.

But if the contra war worsens, as is now expected, big landowners *of doubtful patriotism*—two of whom the Unag in Chontales has in its sights—will face pressure.

The Sandinistas are not leaving much to chance and believe in the slogan on the monument to the guerrilla (raised rifle in one hand, sickle in the other) in central Managua: "Only the workers and peasants will go on to the end"—not from Marx, but from Sandino, the nationalist general whose peasant army drove out the US marines in 1933.

An aid package that China has offered Nicaragua does not include military assistance, the Chinese foreign ministry said yesterday, Reuter reports from Peking.

The ministry said the two countries had signed an economic co-operation agreement providing for Yuan 70m about $9.3m), in interest-free Chinese loans.

The agreement was signed during a visit by President Daniel Ortega who said on Sunday that the loans would help the government buy food, tools and other goods.

Nuclear station to be turned into gas plant

By Anatole Kaletsky in New York

ONE OF the largest idle nuclear power stations in the US is to be converted into a natural gas plant under an agreement announced *yesterday by Consumers* Power of Michigan and Dow Chemical.

However, the agreement, which would involve additional investment of about $440m (£297m) at Consumers' mothballed nuclear facility at Midland, Michigan, is unlikely to end the costly and litigious saga of this project.

The power station was originally expected to open by 1975 *at a cost of* $276m and was designed to provide steam and electricity for the nearby plants of Dow Chemical's Michigan division. Disastrous technical problems and construction delays had eaten up $4.2bn by the time the plant was abandoned uncompleted in 1984.

The project was halted in part because Dow Chemical terminated its contract to buy the power station's processed steam and sued Consumers over the cost overruns and delays.

Consumers counterclaimed against Dow and also epplied for large rate increases in order to offset some of its Midland losses.

Yesterday's agreement brings to an end all litigation between Dow and Consumers and establishes a joint venture between the two companies to carry out the natural gas conversion.

It is unlikely to be welcomed by some of Consumers' other electricity customers.

Michigan Citizens' Lobby, a pressure group of utility users, has claimed that the power from Midland will for many years be surplus to the state's requirements

All parties in the controversies will accordingly be putting heavy political pressure in the months ahead on the Michigan Public Services Commission, which must approve the plant's conversion

INTERNATIONAL MONETARY FUND ANNUAL REPORT

Prospects improve for industrialised economies

BY PHILIP STEPHENS, ECONOMIC CORRESPONDENT

RECENT developments in the world economy have improved the prospects for balanced non-inflationary growth in industrialised countries, but the problems faced by many developing countries have intensified, the International Monetary Fund says.

In its annual report to member countries the Fund identifies a number of factors over the last 18 months that hold out the potential for improved economic performance, despite the recent slowdown in the pace of world growth.

Last September's Plaza agreement *by the Group of Five* industrial countries to drive down the value of the dollar had led to a more sustainable pattern of exchange rates. The Gramm-Rudman-Hollings deficit reduction law in the US had begun the process of reversing the sharp divergence in fiscal policies between the major economies, and the collapse in oil prices had brought a sharp fall in both inflationary expectations and interest rates.

At the same time, the Plaza accord and subsequent agreements in the Fund's policy-making interim committee end at the Tokyo Economic Summit promised "a significant improvement in the co-ordination end consistency of policies among the major countries."

"Partly as a result of these major uncertainties that had threatened the prospects for sustained growth have diminished," it says.

The report acknowledges, however, that one of the major concerns of economic policymakers — the large US current account deficit and the current account surpluses in Japan and West Germany — is still a threat to balanced growth.

Trade between the three countries in 1985 was still reflecting the earlier appreciation of the dollar, with imports in the US rising much faster than exports while in Japan and West Germany the reverse was *true*.

The Fund says that the competitiveness impact of exchange rate movements generally operates with lags of two or three years, suggesting that the fall in the dollar's value will *tend eventually* to reduce the imbalonces.

Its economic *forecasts*, however, which have been sent separately to governments and are not published in the annual report, are understood to indicate no significant improvement in the US current account deficit next year.

The IMF says that the sharp fall in interest rates over the past 18 months, which has been *particularly marked* in the US, reflected the absence of inflationary pressures in most countries and an expectation that greater progress will be made in reducing budget deficits in the US and elsewhere.

The increase in the GNP deflator in industrial countries declined to below 4 per cent in 1985 for the first time since the 1960s and to an even lower rate in the first part of this year as the world oil price collapsed.

If the oil price remains at around $15 per barrel, it will represent an annual trade gain of $90bn or 6 per cent of imports for oil-importing countries, substantially strengthening the outlook for domestic demand in those countries.

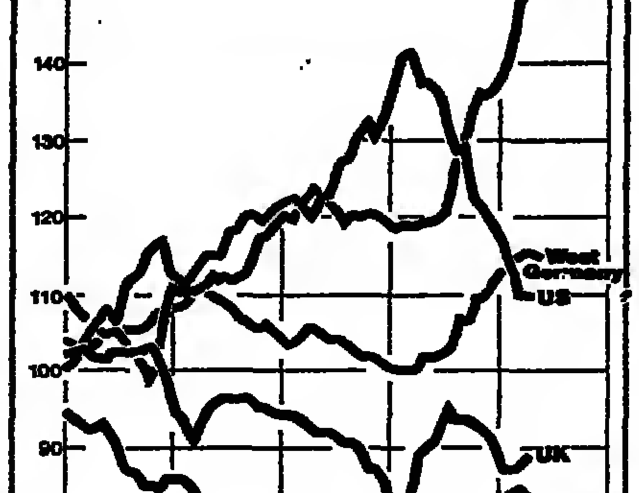
The loss in *import earnings* for oil exporting developing countries, however, will significantly damage their alreedy shaky economic prospects. They face a loss in export revenues of $70bn, which represents about one-third of total overseas earnings.

The Fund is encouraged by the decision of leading industrial countries to strengthen procedures for the multilateral surveillance of their economies, and in particular to broaden the scope of such monitoring to include a range of indicators of economic policies and performance.

This cautiously optimistic *assessment* of prospects for industrialised nations, however, contrasts sharply with the IMF's relatively bleak review of trends in developing nations.

Much slower world trade growth last year combined with weak international commodity prices and the continued unwillingness of private banks to resume lending *seriously* exacerbated the external constraints on growth in many developing nations.

"For oil exporting countries, as well as a number of countries with extensive financial and commercial links with oil exporting countries, the net effect of recent developments has been to accentuate seriously the policy dilemmas already confronted by these countries in 1985," the report says.



IMF backs closer collaboration with World Bank on debt crisis

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

FRESH INSIGHTS into the need for collaboration between the International Monetary Fund and the World Bank as a means of helping ease the *developing country debt crisis* are contained in the IMF'e annual report published today.

In a discussion of the debt strategy over the past year the IMF notes that important policy changes in both creditor and debtor countries are needed as part of an enhanced debt strategy.

While there has been some evidence of such change in the industrial countries, with actions to reduce the US budget deficit and lower interest rates, it has been harder to orchestrate and supervise policy changes in the developing countries.

As part of a review of the conditions attached to IMF lending programmes over the past year, the IMF said its directors supported the need for its programmes to emphasise enhanced economic efficiency and competitiveness but in some of these areas, including pricing policy, tax reform, financial sector reform and trade liberalisation, it lacks the necessary expertise and experience.

"To move very far in that direction would require careful attention to the question of collaboration with the World Bank and could also have *implications for the guidelines* on conditionality," the report says.

"It was eventually concluded that the IMF should not go too far in the formulation and follow-up of micro-economic policies, but should nevertheless increase its efforts to persuade programme countries to carry ont structural reforms," the report continues.

Noting that some countries have yet to reach a viable balance of payments position after several years of corrective effort, the IMF warns of what it calls "adjustment fatigue" if this effort is carried out against a background of slow growth. It also says the adoption of a medium term economic scenario for debtor countries has proved helpful in formulating stabilisation programmes *for developing* countries.

This is one area where collaboration between itself and the World Bank has increased, with the aim of developing "a consistent diagnosis of members' policies, *so* that policy advice and financial resources provided by the two institutions can be made consistent, complementary and mutually reinforcing while avoiding cross-conditionality."

Collaboration between the two organisations has also been necessary further to encourage the provision of finance from other creditors.

One recent development that will also require co-operation between the IMF and the World Bank is the structural adjustment facility established in March, which is designed to finance medium term adjustment programmes.

The IMF says that continuation of its policy of enlarged access, allowing members to draw loans up to a maximum cumulative limit of 440 per cent of their subscription quota, means that it will be eble to make a significant contribution to balance of payments financing.

"Nevertheless, its financial support is not likely to be on the same scale os in the early stages of the debt crisis; thus e somewhat greater emphasis has been given to the catalytic role of IMF support."

During the 1985-86 financial year drawings on the IMF declined to SDR 3.9bn from SDR 6.1bn in 1984-85 while outstanding IMF credit fell by SDR 300m to SDR 34.6bn.

The IMF does not discuss its recent decision to declare Peru ineligible for further drawings as this happened after the end of its financial year on April 30, but in a section on payments arrears run up by its members, it says concern prompted it both to delay reductions in its lending rates and to raise its target for net income to 5 per cent from 3 per cent of its reserves at the start of each financial year.

Total membership arrears at the end of the financial year amounted to SDR 482m.

Altogether, the debts of developing countries grew by 7½ per cent in dollar terms last year, *with most of the increase* accounted for by the appreciation of other currencies which make up part of the total.

This slow growth in debt still left the developing countries facing a $3bn increase in their debt service bill to $129bn, bringing their debt service ratio to a record 23.8 per cent. The ratio of total debt to exports was also at a new peak of 168 per cent.

Central banks shift official reserves away from dollar

BY GEORGE GRAHAM

CENTRAL banks have been *shifting* their official *currency* reserves away from the dollar and into a broader range of currencies, the IMF reports.

US dollars made up 80 per cent of official reserves of foreign exchange reserves in the mid-1970s, but this proportion fell to 71 per cent at the end of 1984 and to 65 per cent by the end of last year.

The fall reflects partly the dollar's depreciation against other major currencies, which has reduced the value of dollar reserves in terms of special *drawing rights (Sdrs)*, the IMF's own accounting unit. In addition, central banks of the main industrial nations have sold dollars heavily since the spring of 1985 in a concerted effort to lower the exchange rate of the US currency.

Dollar sales in the foreign exchange markets amounted to $10bn (£6.8bn) in the five weeks following the agreement on joint intervention by the Group of Five leading industrial nations at New York's Plaza hotel in September 1985, and further intervention has been required since.

The decline of dollar reserves in importance has been matched by a rise in D-Marks (up from 9 per cent in 1977 to 16 per cent in 1985) and in Japanese yen (from 3 per cent in 1977 to 8 per cent last year).

Industrial countries have wound down their dollar reserves faster than the developing nations. The proportion of total currency reserves denominated in dollars held by industrial countries fell from 89 per cent in 1977 to 65 per cent *last* year, while developing countries' dollar holdings declined from 71 per cent to 66 per cent.

Last year was the first in which developing nations held a greater proportion of their reserves in dollars than did the industrial nations, the Fund says in its annual report.

Overall, the rebuilding of official reserves in 1983 and 1984 slowed sharply last year, the IMF reports. Excluding gold, total reserves fell from SDR 406bn at the end of 1984 *to SDR 404bn at the end of* 1985, partly as a result of the lower value of the dollar.

The ratio of reserves to imports also declined slightly, the IMF says. During the *1980s the industrial nations* have maintained their reserves at close to 17 per cent of their annual imports. The developing countries saw a decline in the ratio to 26½ per cent in 1982 but have recently rebuilt their reserves to more than 30 per cent of imports.

FOREIGN EXCHANGE HOLDINGS

	1977	1978	1979	1980	1981	1982	1983	1984	1985
All countries									
US dollars	80.3	78.2	75.2	69.0	73.1	71.7	72.2	70.5	65.1
Pound sterling	1.8	1.8	2.1	3.1	2.2	2.5	2.7	3.1	3.2
Deutsche mark	9.3	11.2	12.8	15.6	13.4	12.9	12.0	12.8	15.5
French franc	1.3	1.2	1.4	1.8	1.4	1.3	1.1	1.1	1.2
Swiss franc	2.3	2.2	2.5	3.3	2.8	2.8	2.4	2.1	2.4
Netherlands guilder	0.9	0.9	1.1	1.4	1.2	1.2	0.9	0.8	1.0
Japanese yen	2.5	3.4	3.7	4.5	4.3	4.7	5.0	5.7	7.6
Unspecified currencies	1.6	1.1	1.2	1.4	1.4	2.8	3.5	3.8	3.9

EEC struggles to clarify S. African sanctions

Quentin Peel in Brussels looks at the machinery of import curbs

OFFICIALS of the EEC member states and the European Commission in Brussels were yesterday struggling to clarify details of how trade sanctions approved by the 12 Foreign Ministers will actually affect South African imports.

No rules have yet been agreed on how the proposed ban on new investment in South Africa would work, nor for the ban on imports of gold coins like the Krugerrand.

The Foreign Ministers could not decide whether those actions should be enforced under EEC legislation — and thereby ensure that the same rules apply throughout the Community — or under separate national regulations.

The process of deciding could take weeks, because two separate groups of officials have to sort it out: the committee of national ambassadors to the EEC in Brussels, known as Coreper, and the Political Committee, made up of senior officials from each Foreign Ministry.

The former would decide if the legislation is EEC-based, the latter it it is national. Since that is undecided, both must consider the question, and then reconcile their views.

Neither question is that urgent, since new investment in South Africa by EEC companies has been universally negative over the past two years and the import of Krugerrands has slowed to a trickle, mainly to West Germany, Belgium and Luxembourg.

It is Belgium and West Ger*many which are most insistent* that EEC rules should apply and the European Commission was yesterday preparing the necessary draft legislation.

Other member states, especially the UK and France are strongly opposed to such an extension of the powers of the Community in a sensitive area.

The sanctions which were given a clear deadline for implementation were those affecting the import of iron and steel products to take effect from September 27. However *even those measures were still* causing confusion in Brussels yesterday.

European Commission officials said they understood the ban would not affect any contracts already signed, nor any shipments already en route. In order to prevent a rush of new contract singnings, the Commission will propose that the deadline be brought forward to September 16 — the decision day.

Whatever happens, the only *grey area would concern* contracts signed between September 16 and September 27.

The list of iron and steel products affected includes virtually all items defined as "iron and steel" according to the Treaty of Paris establishing the European Coal and Steel Community.

That covers such items as pig iron, cast iron and spiegeleisen, waste and scrap metal, blooms, billets, slabs and sheet bars, iron and steel coils, universal plates, bars and rods (including wire rod), angles, shapes and sections.

Alloy steel and high carbon steel is banned, but ferro-alloys are not.

Dutch continue coal battle

BY LAURA RAUN IN AMSTERDAM

THE Netherlands will continue to battle for an EEC boycott of coal from South Africa after failing to keep the element in a sanctions package.

One of the staunchest supporters of stronger economic sanctions against Pretoria, The Hague is likely to consider joining with other willing EEC members in voluntarily banning coal if the Community fails to do so.

Mr Hans van den Broek, the Dutch Foreign Minister, made no secret of his disappointment over the compromise package and promised to keep pressing West Germany for a coal ban.

If he again fails to convince Bonn of the necessity of a coal boycott, then parliamentary pressure is likely to grow for unilateral steps by the Netherlands.

Mr Jacques Wallage, a labour member of Parliament, said yesterday his party would wait to see whether the Community adds a coal ban in the near futures. If not, the Socialists were prepared to launch a parliameotary drive that would have the Dutch join with other EEC partners in boycotting coal, and possibly adding other sanctions.

South African coal imports into the Netherlands are a relatively modest Fl 144.2m, although they account for a significant portion of coal supplies, all of which are imported. Equally important is the South African coal thet is transshipped through Rotterdam, e major entrepot for coal going inland.

Norway plans to go it alone on boycott

NORWAY is prepared to go it alone in imposing economic sanctions against South Africa and is planning a broadly-based trade boycott, Norwegian Prime Minister, Gro Harlem Brundtland announced yesterday, AP reports from Harare.

Using the platform of the UN-sponsored World Commission on Environment and Development meeting in the Zimbabwe capital, Mrs Brundtland said Norway was also willing to increase aid to neighbouring black-ruled states if they suffer from a backlash on sanctions.

South Africa, under increasing threat of wider economic sanctions has threatened to pass on the affects to neighbour states economically dependent on its trade and transport routes.

Mrs Brundtland would not give specific detatils of the proposed measures, but said they would cover "all areas of economic activity" and would hurt some sectors of the Norwegian business community.

● DENMARK *has gone further* than any other European country so far imposing an almost total ban on trade and goods and services with South Africa, writes Hilary Barnes in Copenhagen.

The main exception is thet Danish companies are still permitted to export medical goods to the Republic.

The legislation was passed in June and takes effect in December, but the main item on the Danish import bill, 3m tonnes of coal a yeer from South Africa used for power generation, has already been stopped.

The Danish legislation contravenes the EEC's trade policy, which, *in* accordance with Article 113 in the Rome Treaty, does not permit member countries to impose unilateral restrictions on trade with third countries.

The official Danish position, however, is that the trade boycott is not a trade issue but a political issue, and therefore Article 113 does not apply.

South African goods re-exported to Denmark from an EEC country will be stopped at the frontier, assuming that they include the normal statement of *origin in the customs document.*

It is also illegal for a Danish trader to make an agreement with e sub-contractor in another country to re-export Danish goods to South Africa, although a Commerce Ministry official admitted that there was no way of controlling this traffic.

● JAPAN will soon impose additional economic sanctions against South Africa, using the package adopted by the EEC as a "valuable reference," a Foreign Ministry official said yesterday, Reuter reports from Tokyo.

But officials declined to reveal the exact shape or timing of the additional measures to be imposed. The announcement, they indicated, could come early next week.

Japan is South Africa's second largest trading partner. It already *has banned direct invest*ment there and the export of computers to the army and police. It has also discouraged the import of South African gold coins and restricted sporting and cultural ties.

Moscow to give 21 ministries freedom to trade with West

BY PATRICK COCKBURN IN MOSCOW

THE SOVIET UNION is to give the right to trade with the West to 21 ministries and 67 enterprises from the beginning of next year under a soon-to-be-published decree which will break tha Foreign Trade Ministry's monopoly.

The aim of the government is to increase manufactured exports by allowing 21 ministries out of a total of about 60 to import the machinery they need and have greater control over their foreign exchange.

At the moment, Soviet exports to tha West are made up almost entirely of raw materials, notably oil, oil products and gas, most of which have suffered from steeply declining prices.

The breech in the Foreign Trade Ministry mooopoly will affect only ebout 6 to 7 per cent of Soviet trade. The export of raw materials and the import of whole factories will continue to be handled by the Foreign Trade Ministry.

The Soviet Union has reacted to the fall in the price of its main exports by cutting imports. French exports were down by 42 per cent in the first half of the year, West German by 10 per cent. Italian and Austrian both by 16 per cent.

Western diplomats do not expect Moscow to reacr to the fall in hard currency earnings by borrowing heavily from Western banks. They say this can be ruled out for political reasons and the Soviet Foreign Trade Bank has told visiting bankers that its borrowing needs will not rise substantially this year.

The country has elso been hit by a sharp reversal in its terms of trade because most of its exports ere denomioeted in dollars *and its imports* ere in West European currencies.

The only good oews from the Soviet point of view is the rise io the price of gold — of which Moscow may increase its sales to 400 tonnes this year from 215 tonnes in 1985 — and the decline in the price of grain which is its single biggest import.

● The EEC Commission has imposed e 33 per cent anti-dumping duty on Soviet freezers.

The Soviet Union has been *selling its freezers in Common* market countries at margins up to 200 per cent less than those charged domestically. It has trebled its share of the market in the past five years to 7.6 per cent.

Gatt ministers seek a draw in wrestling match over services

BY WILLIAM DULLFORCE IN PUNTA DEL ESTE

THE US has been in a wrestling match with Brazil and India about services for the best part of four years.

The bout has reached its climax this week at the trade ministers' meeting in Punta del Este and the wrong outcome could dash hopes of a successful start to a new round of trade-liberalisation negotiations.

A clear-cut win for either side would be dangerous but the ministers are having difficulty in fixing a draw — the result that would offer the best chance of success for the new trade round under the General Agreement on Tariffs and Trade (Gatt).


Mr Paul Channon: loyal to single-track approach

The dispute has now focused on whether trade in services — and other "new" issues such as intellectual property or investment rights — should or can legally be organised under Gatt.

The US, with the EEC and Japan tagging along, has said *that it will not take* part in a new trade round that does not provide for rules being negotiated for trade in services. It has stuck to its "single-track" demand that services should be an integral part of the Gatt negotiations.

Brazil and India challenge Gatt's competence to cover anything but trade in goods. But they have been ready to discuss a "double-track" approach, under which trade in services and the other new issues could be negotiated outside the Gatt umbrella, *simultaneously* with the Gatt round.

Only a small group of hard-line developing countries have formally backed the Brazilians and Indians but many other countries share their fears that by incorporating services into the new round the US intends to tie concessions on merchandise imports to its being granted benefits for US purveyors of services abroad.

The grounds for a deal have been cleared in the past six months. Brazil and India are no longer *refusing* to entertain the idea of negotiating on services in some forum. The US has conceded that the question of whether any agreement on services be incorporated into the Gatt contract can be decided once the agreement has been struck.

Bnt on the procedural questioo of the link between the talks on services and the new Gatt round, neither side has budged. A US official described the speech this week by Mr Vishwanath Singh, the Indian Finance Minister, as a "door slammer."

It is becoming evident, however, that Mr Clayton Yeutter, the US Trade Representative, will have to accept a double-track formula of some kind if he wants to return to Washington with a new Gatt round convincingly launched.

The shape of a compromise was sketched out in informal discussions between officials of the EEC Commission in Geneva and the Brazilian and Indian Ambassadors there.

Last month they virtually agreed a formula for dealing with services at the Punta del Este meeting. Under this Mr Enrique Iglesias, the Uruguayan Foreign Minister chairing the meeting, would have called a separate ministerial meeting not formally under the Gatt.

The two meetings, embracing the same ministers, would have issued separate declarations, starting simultaneously, the new trade round and negotiations on services. The services chapter would have been organised by the Gatt director-general *and would have followed* the same timetable as that for the Gatt round.

In any case, Mr Yeutter angrily rejected the Commis*sion's initiative at the quadri*lateral meeting of trade ministers in Sintra, Portugal, earlier this month.

An in Punta del Este, Mr Paul *Channon*, the *British President* of the EEC, underlined the Community's continuing loyalty to the single-track approach.

On Tuesday, however, Mr Samuel Yohai, the head of the Colombian delegation, presented a *formula* close to that discussed in the Commission's talks with the Brazilians and Indians. Trade in services would be treated not under the Gatt contract but under the responsibility of the Gatt contracting parties.

Neither the US nor the *Brazilians* and Indians have officially expressed their views on the Colombian proposal. The crux is now the link between the separate negotiating committee on services and the Gatt: the US would probably accept the Colombian formula, if the services committee reported to the trade negotiating committee

Hope for a successful launch to the new trade round at tha end of this week rests with the ingenuity of the Gatt word-spinners.

US, Taiwan to meet again

BY BOB KING IN TAIPEI

US and Taiwanese negotiators are to meet this month in Washington to discuss unresolved trade questions.

High on the agenda are the pricing and advertising of US wine, tobacco and beer which both sides have agreed will be imported for the first time by November 1. Three previous rounds of talks on the question, which the US considers crucial to marketing success, failed to find agreement.

Also on the agenda are voluntary restraint agreements from Taiwan on exports of steel products and machine tools to the US.

The talks may also cover the continuance of preferential tariff treatment which the US gives to products from developing countries such as Taiwan. Last year Generalised System of Preferences status applied to $3.4bn worth of Taiwan exports to the US.

UK NEWS

Lucy Kellaway reports on why £600m will now be spent to reduce sulphur pollution

Britain bows to pressure over acid rain

AFTER a 10-year struggle by scientists and environmentalists, Britain has at last admitted that there is a strong enough link between the sulphur from its coal-fired power stations and dead fish in Scandinavian lakes to justify spending money to tackle the problem.

Last week the Central Electricity Generating Board (CEGB) announced plans to equip a quarter of its coal-fired power stations with desulphurising equipment at a cost of £600m. While the move was greeted with disgust by environmentalists for being too little and too late, for the Government it was something of a breakthrough.

For years the Scandinavians have blamed Britain for the dead fish in their lakes and for their dying forests. The immediate cause of the damage is thought to be "acid rain" – often applied misleadingly to mean any air pollution – and the chief cause of acid rain is thought to be sulphur.

Sulphur, in turn, comes mainly from coal-fired power stations, and the Scandinavians claim that much of the sulphur which lands on their soils has blown over from Britain.

Until last week, the CEGB has consistently held that the evidence of such a link was too weak to merit such expensive action. Equipping all coal-fired power stations in the UK with desulphurisation equipment would cost £2.5bn, equivalent to a 0 per cent rise in electricity prices. Even the more modest proposed investment will eventually lead to 1.5 per cent being added to electricity bills.

The CEGB has been at pains to point out the other causes of acidity in the soil. Nitrogen, which is produced mainly from car exhausts, has been shown to play an important part, and some scientists have suggested that nitrogen may be just as harmful as sulphur.

Changes in forestry techniques have also added to acidity in the soil. Certain sorts of trees, including conifers, directly contribute to acid in the soil while changing methods of forestry have weakened the soil by removing ions.

The soil's acid content has built up steadily since the industrial revolution. The CEGB argues that, even if all sulphur emissions were cut today, acid would still go on seeping into streams until the soil has been neutralised, which may take several decades.

While the CEGB is now grudgingly prepared to take a proportion of the blame for damage caused to lakes, it is still refusing to take responsibility for the dying forests of Scandinavia, Germany and East Europe. Indeed, the evidence connecting sulphur emissions to damaged vegetation is patchy. Some recent findings suggest that the harm is caused in part by a punishing climate and in part by ozone, a gas created by the interplay of car exhaust fumes and sunlight, and that sulphor emissions play little if any part.

The CEGB'S change of stance on lake pollution has been promted by recent research by the Royal Society, which is half way through a five-year programme into the cause of damage to lakes and streams. Sir John Mason, director of the project, says that, while the work is far from complete, man-made acidity including sulphur "makes a significant, if not a major contribution" to the health of streams.

However, the mechanisms are much more complex than once believed, he says. The Royal Society has identified 12 different mechanisms in the soil that increase the potency of the sulphur and about 10 that reduce it, making it impossible to quantify the effect of any given reduction in emission of sulphur.

In admitting that something must be done even though scientists are still at work, the UK is well behind nearly all other European countries. Even Poland, Czechoslovakia and the USSR, not normally known for their ecology-mindedness, have committed themselves to act.

Last year more than 20 countries signed an agreement obliging them to tackle the problem of acid rain by cutting emissions of sulphur by 30 per cent from the 1980 levels by 1992. Britain has consistently refused to join the "30 per cent club" and has vetoed EEC initiatives to take still more radical measures.

The unwillingness of the UK to move has earned it the reputation as the dirtiest neighbour in Western Europe. As a producer of 3.7m tonnes of sulphur a year, it is running neck-and-neck with Italy as Western Europe's most copious emitter. Neither does it keep the sulphur to itself. The prevailing wind, from the south-west, brings in clean air from the Atlantic and takes away about 80 per cent of the sulphurous output of British power stations to distribute it mainly over Scandinavia.

While Norwegians sometimes talk as if the dead fish in the its fjords have all been killed by UK pollution, scientific efforts to share out the blame have not proved easy. Early estimates that made Britain the prime cause of Scandinavian acid rain have been reworked and recent evidence shows that Britain may be directly responsible for as few as one dead fish in 10. The other killers come from Eastern Europe or even further afield.

Sulphur emissions in the UK have already come down by nearly a quarter since 1980. This has been achieved without help from the Government and has been a joint result of recession and a shift away from heavy industry. However, this steady reduction has been a general phenomenon, and if the British record is better than, say, West Germany's – which has so far reduced emission by less than 15 per cent – it is because the recession in the UK has been deeper than in Germany.

Environmentalists scorn what they regard as a belated, feeble response by the UK. The Norwegians who mobbed Mrs Margaret Thatcher, the UK Prime Minister, in Norway last week were not impressed either.

They argue that 30 per cent, which never pretended to be more than a figure selected for political reasons, is not nearly enough. The conference in Stockholm last month of the Nordic Council said that a reduction of 80 per cent would be needed to protect European soils, and it called for immediate action.

While few countries are likely to accede to the Nordic Council's demand, many are moving towards it. The conscientious model is Austria, which has already cut emissions in half since 1980 and is planning a total reduction of over 70 per cent by 1995. West Germany intends to slash its output of sulphur pollution by two thirds and is spending some $2.5bn installing desulphurisation equipment at all its power stations.

The Netherlands and Switzerland are also embarking on ambitious and expensive clean-up projects which will cut emissions by over half.

Technology, Page 10

New train designed for world market

By Kevin Brown

A NEW train designed to boost Britain's share of the world export market for railway equipment yesterday became the first purpose-built demonstration train to run on the British railway network.

The 10-coach International Train was developed by British Rail Engineering Ltd (Brel) as a showcase for the railway supply industry.

The train includes a prototype electronic seat reservation system, computer operated information screens, a conference department, and a phonecard telephone connected to the Cellnet system.

The coaches are based on the Mark III units in service with British Rail's inter-city high-speed trains. But a new construction process developed by Brel will enable rolling stock for virtually any of the world's railways to be built on the same production line.

This reduces the cost of production in the competitive railway equipment export market.

Mr Philip Norman, chairman of Brel, said coaches worth £18m had already been sold to China and Gabon. Negotiations with Mexico and India are also understood to be taking place on contracts worth a total of £32m.

Government believes output remains flat despite July leap

BY GEORGE GRAHAM

INDUSTRIAL production jumped in July, but government statisticians believe the leap is erratic and that output still remains flat in the UK.

Output of the production industries in July rose by 3.4 per cent from the previous month, the Central Statistical Office said yesterday, but this rise owed a lot to the recovery of North Sea oil production after a sharp dip in June.

Although the chemicals and beer industries showed a strong increase in production in July, officials feel that the figures for a single month are unreliable and that overall production remains stagnant.

The raw statistics show a substantial fall in output, but changes to take account of seasonal variations have translated this into a rise in the official adjusted figures. The seasonal factors this year may have been distorted, officials believe.

Energy output in July was 9.5 per cent higher than in August after seasonal adjustments, but over the past three months output was 4.9 per cent lower than in the preceding three-month period.

The summer months are usually a period of low energy output because of maintenance activity on North Sea oil rigs. This year maintenance appears to have been unusually concentrated in June, rather than spread between then and August.

Stockbrokers Wood Mackenzie in Edinburgh estimate that North Sea oil production dipped to 2.2m barrels a day in June before climbing to 2.6m barrels a day in July and August.

Manufacturing industry's output rose by 0.9 per cent in July from the previous month, the CSO said yesterday, but the latest three months' production showed a gain of only 0.2 per cent over the previous three-month period.

Metal goods production in May to July was 5 per cent lower than in the preceding three months and 8 per cent lower than a year earlier while electrical engineering industries saw output stagnate in the latest three months at a level 5 per cent lower than a year earlier.

Output in the motor vehicle industries climbed by 3 per cent form the preceding period

The Government's official forecast for manufacturing output growth this year in 3 per cent, but after peaking in the second quarter of 1985 output declined in the second half of the year and has since remained flat.

Wapping offer deadline

BY HELEN HAGUE, LABOUR STAFF

MR RUPERT MURDOCH'S News International has imposed a 21-day deadline on the print unions for acceptance of an offer intended to settle the 34-week dispute over its new printing plant at Wapping, east London.

The offer increases compensation for 5,500 sacked print workers from £50m to between £58m and £60m. This extra money is available because the company's previous offer to the unions of its old plant in Gray's Inn Road, London, is withdrawn at the unions' request.

News International publishes the Sun, News of the World, The Times and The Sunday Times.

Michael Cassell reports on the Social Democratic Party conference

Owen's election warning to Tories, Labour

DR DAVID OWEN, the Social Democratic Party (SDP) leader, yesterday warned the other political parties that the SDP/Liberal Alliance would hold the balance of power at the next general election. He said it would force a second poll if voters' wishes were ignored.

Dr Owen, in a well received speech which marked the end of the SDP conference in Harrogate, Yorkshire, emphasised the Alliance compaign to be accepted as an established third arm in British politics.

He told supporters that the country was set for a new brand of politics based on partnership and co-operation and which rejected conflict. While Labour "stirred up envy, the Conservatives glorified meanness," he said.

Dr Owen attacked the Government for its handling of the economy and called for an end to the destructive dogmatism which had helped drag down the UK to 19th position in the league table of industrial nations.

He said that national unity would be frustrated if Labour and the Conservatives were allowed to combine together to prevent at least a third of the electorate from having their say.

In the event of a hung parliament, the Alliance would be ready to negotiate, having made it clear that it would vote down any Queen's Speech (government programme) if talks were not held.

Dr Owen said that the Alliance might end an election with the largest number of votes but not the largest number of seats. Equally, Labour or the Conservatives could find themselves in third place. He added: "If they want to do a shabby deal and let the other govern as a minority, let them do it and risk the consequences at the following election. They will pay a heavy price."

Dr Owen stressed the principal objective of the Alliance would be the reform of the tax system – which would not entail higher taxes – in order to beat poverty and stimulate economic revival. The right to grow rich, he said, "had to be balanced by the duty to end poverty."

Editorial comment, Page 18

Party sets out on bumpy road towards power-sharing

THE SOCIAL Democratic Party yesterday left Harrogate on the *bumpy road which it hopes will lead* to power sharing.

After five days of smoothly constructed harmony, propaganda and debate, the party born five and a half years ago out of frustration with the existing political order is in a positive and confident mood.

This week there have been some potholes along the way, but party leaders believe it has made a crucial contribution towards consolidating the joint bid by the SPD and the Liberal Alliance for a place at the top table of British politics.

Dr David Owen, on whom policies and personalities centre, has good reason for being pleased at the week's proceedings. The party confirmed many of the policies it sees as central to the Alliance's electoral appeal and has surrounded areas of potential conflict with its political partners in time-buying compromise.

The prospect of an earlier, rather than a later general election, of which the SDP is now convinced, has served to concentrate the minds of the party leadership. During the week, those attending the conference were repeatedly told that the debating must now end and that the selling of SDP policies to the electorate must move to the head of the agenda.

Even so, there remains plenty for the Alliance leaders to sort out if *they are to have any chance of* convincing the voters that they can offer a genuinely unified, alternative formula to the other two major parties – the ruling Conservatives and Labour.

Harrogate has clearly re-confirmed that, no matter how much closer the two partners are moving, the question of a pre-election merger is not for serious consideration.

But with Dr Owen now apparently convinced that the next election will produce no overall majority and that the Alliance will win a share of the vote in line with recent electoral tests some of the emphasis has swung to consideration of how the partnership will play its trump card.

This week's crucial debate on the proportional representation voting system (PR) was an essential preliminary to any post-election bargaining, and it was by no means clear thet it would go the way the leadership wanted. Demands that the Alliance should, as a pre-condition to entering a coalition government, insist on the introduction of PR were resisted by the leadership because they want to be given a free hand when the time comes for talks with Mrs Margaret Thatcher, the Prime Minister, or Mr Neil Kinnock, the Labour leader.

This week, Dr Owen reiterated some of the areas of any post-election *policy compromise*. Mr Kinnock would be told that a defence policy which kicked the US out of Britain and threatened to damage the Atlantic alliance could not be tolerated while Labour's extravagant attack on unemployment would have to be more financially realistic.

For Mrs Thatcher, the Alliance leaders accept they would find it harder to find a working compromise and fend off questions about the prospect of co-operating with her.

Talks with the Tories would centre on reducing unemployment, improving health and education services and placing more emphasis on disarmament. Both Labour and Conservatives would have to accept the implementation of a voting system which more fairly reflected the views of the electorate.

But not all the Alliance's policies are yet in place. Despite repeated denials of any fudge, the issue of defence has not been resolved and has yet to be fully faced. The surprisingly positive response from Paris about the potential for Anglo-French defence co-operation raised hopes about the chances of a European minimum deterrent and has given the Alliance leaders a valuable breathing space.

High risks of grey market in pre-issue shares

Nick Bunker looks at dealing on the fringe

CALL IT the grey market, call it the pre-market, or call it "when-issued dealing" – it is, in the words of one London Stock Exchange official, "just crazy."

The official was talking about the practice of offering to quote prices in new issues of UK company shares before dealings officially start. Its latest manifestation appeared when Cleveland Securities, a licensed dealer, began two-way quoting in shares in TSB group, the bank soon to be floated on the stock exchange.

Never mind the fact that the shares will not really exist until letters of acceptance are sent to applicants (probably on October 7), the day before official dealings start. Yesterday morning Cleveland handled as a principal dealings in at least 160,000 TSB "shares," quoting at a spread of 98p–102p (issued, part-paid, at 50p).

In the US such dealing in equities is almost entirely prohibited. Securities laws dating back to the 1930s ban trading in securities in advance of listing approval by tha Securities and Exchange Commission.

In the UK grey market dealing is not illegal – though stock exchange rule 535 forbids it to member firms.

In London, in fact, the real home of grey market dealing since the mid-1970s has been in Eurobonds. There, it involves the so-called inter-dealer brokers who make markets in advance of an issue to assist investment banks which have taken part of it as co-managers.

That, however, is light years removed from the grey market in issues such as TSB. Such a market revolves almost entirely around Cleveland, operating with 18 dealing and clerical staff out of offices near Old Street station, on the City of London's northern fringe.

Two or three other London licensed dealers – such as Prior Harwin and Puma Securities – have quoted two-way grey market prices. But only Cleveland calls itself a major player in what it prefers to call the "pre-market."

Founded in August 1984, by two chartered accountants and a solicitor, it now claims a private client list of 10,000 (including several hundred frequently active in the grey market). About 70 per cent of its business is now in the grey market, and it avoids over-the-counter stocks, according to Mr Harvey Lawrence, its finance director and co-founder.

Who are the grey-market customers? Named institutions and professionals, seeking to buy early to ensure a weighting in a popular share, says Mr Lawrence. Otherwise, they could be investors who expect to be allotted shares and want a guaranteed premium over the offer price.

It is, says one grey-market maker "a game for the professionals. It wouldn't be right for the man in the street." For the market-maker, the risks are big – since he must take a position in a stock with no clear idea of institutional demand – and, in TSB's case, no firm notion of how the issue will be allocated.

At worst, the market-maker could agree to buy (say) 50,000 TSB in the grey market, then sell them on – and find itself massively short if the original seller is never allocated shares. Then, it would have to buy in the after-market – possibly at a far higher price – to meet its commitments.

Morgan Grenfell's flotation this summer showed what risks are run. Prior Harwin admits it "caught a cold" when the merchant bank's shares dropped to a big discount in early trading but is now quoting two-way prices in TSB. Over Morgan Grenfell, "a lot of hard work went down the pan," says Cleveland's Mr Lawrence, who confessed to losses of £8,600 on the issue.

That was small beer compared with what Harvard Securities suffered when British Telecom came to the market in 1984. It says it lost £50,000 in a grey market when three big investors (two of them offshore) allegedly failed to honour selling orders. Competitors reckon it losses were a lot bigger.

At any rate, Mr Tom Wilmot, its chairman and managing director, says that, since BT, the company has steered clear of the grey market – which he expects never to be more than a fringe activity.

If a substantial client asked for a grey-market quote in TSB, Harvard might supply it, he says. So far that has not happened.

Mercury to provide telecom service on cable TV network

BY RAYMOND SNODDY

MERCURY Communications plans to use a cable television network to offer a local telephone and data service in London's Docklands and the edge of the City of London by next year.

Mercury is a founder shareholder of East London Telecommunications (ELT), the cable company which yesterday announced it had successfully raised the £18m in external finance needed to build a network which will offer up to 30 channels of television.

Mr Ian Hinton, chairman of the cable company, said yesterday that ELT was "the first cable system to have negotiated detailed arrangements to bring the full range of Mercury voice and data communications to business and domestic customers."

Mercury does, however, have an agreement with Clyde Cablevision in Glasgow, Scotland, and is talking to a number of other cable operators about offering a telephone service in competition with British Telecom.

ELT is the first cable company to be awarded a licence by the Cable Authority, and Mr Jon Davey, director general of the authority, yesterday welcomed the successful financing as a boost for the cable industry in the UK.

The financial package was put together by Robert Fleming, the merchant bank, and includes £8m in ordinary shares, a syndicated bank loan totalling £8m and a standby facility of £2m. The rest of the £35m in capital needed for the project will come from retained earnings.

Work will begin later this year on cabling the ELT franchise area. The first services will be provided early next year, and the network is due to be completed by 1993.

● British Telecom yesterday launched a business information service, Hotline, which it sees as a major move into providing business information by electronics means.

Sources of information initially available through Hotline will include the Wall Street Journal; Marketing Week; Inter-Company Comparisons; Euromonitor Market surveys; and China Express and China Contracts.

Accountants to set up self-insurance scheme

BY LIONEL BARBER

SEVEN of the world's major accountancy firms have agreed to try to set up a mutual self-insurance scheme to protect themselves against the flood of lawsuits claiming professional negligence.

Several firms, including Arthur Andersen and Arthur Young, are contesting law suits claiming tens of millions of pounds in damages. The claims, particularly in the US, have unnerved the insurance market, which has refused to provide high levels of cover to accountancy practices.

In the UK the accountancy profession has failed to persuade the Government to limit professional liability claims although it is pressing for a change in the law so that auditors would be only partially liable to damages.

The Government's lack of sympathy has led to the discussions about a mutal self-insurance scheme which would operate worldwide.

Tha firms involved are Arthur Andersen, Peat Marwick, Arthur Young, Coopers & Lybrand, Ernst & Whinney, Deloitte Haskins & Sells and Touche Ross. Price Waterhouse, the other member of the Big Eight, has declined an invitation to join the group, preferring to seek its own solution to the professional indemnity problem.

Mr John Bullock, senior partner of Deloittes, said yesterday that the scheme was at a very early stage. "It will be four or five years before we could even think of setting it against our existing cover," he said.

UK NEWS

Mercedes hopes to be leading truck importer

BY JOHN GRIFFITHS

MERCEDES-BENZ, the world's largest truck-maker, intends to establish itself firmly as the leading importer of commercial vehicles into the UK, according to Mr Hans Tauscher, managing director of the company's wholly owned UK subsidiary.

But it has no ambitions to wrest market leadership either from its current holder, state-owned Leyland Trucks, or the newly formed Iveco Ford group, said Mr Tauscher.

He was commenting on the potential structure of the UK heavy truck market in the light of the gap which will be left by the withdrawal by General Motors of Bedford from the heavy truck market at the end of this year.

Mr Tanscher's remarks came at the unveiling of a new range of 38-tonne tractor units, to be launched at next month's motor show in Birmingham.

Bedford will leave a sizable gap in the medium and heavy truck market. In the first eight months of this year it sold 3,744 trucks of over 3.5 tonnes, representing 10.3 per cent of the total. Leyland Trucks, with 6,362, had 17.5 per cent.

Mercedes has twice demoted Ford to third place in the heavy truck market monthly sales charts this year, as well as relegating Bedford firmly to fourth.

But the merger of Ford's UK truck operations with those of Iveco, Fiat's commercial vehicles arm, is only now being implemented at the distribution and sales level and will have an increasing impact in the months to come, said Mr Tauscher.

Trucks were registered under the Iveco Ford name for the first time in August, with the bulk of Ford and Iveco registrations still listed separately. In total, they reached 890 in August, well ahead of Leyland's 670 and on a year-to-date basis account for 18.23 per cent of the market.

Mercedes has a year-to-date share of 13.62 per cent. The company's position in the 38-tonne sector is expected to be strengthened significantly by the new truck range.

The models, being marketed under the "Powerliner" name, include what Mercedes says is the most powerful production truck yet built in Europe – a two-axle unit, the 1645, powered by a new 14.6 litre Mercedes diesel rated at 450 brake horsepower.

Artificial intelligence centre for Cambridge

BY DAVID THOMAS

SRI, the California-based research and consulting organisation, is to open a research centre on artificial intelligence in Cambridge, its first research centre outside the US.

SRI, which claims to have the world's largest group of post-doctoral researchers in artificial intelligence, is to run the centre in collaboration with Cambridge University computer laboratory.

The centre's initial project will be on processing natural languages such as English in ways that computers can understand.

Funding for this project will fall under the Alvey Programme, the Government-backed research programme for research into information technology.

Half the funding, which will be for £1.2m spread over three years, will come from the Alvey Directorate. The other half will come from British Aerospace, British Telecom, Hewlett Packard, ICL, Olivetti, Philips and Shell.

SRI hopes that its Cambridge research team will build up to 20 after three years. It estimates that the world artificial intelligence community at present totals less than 2,000.

Mr Gordon England of SRI said: "SRI intends to develop a new world-class, leading edge centre at Cambridge in artificial intelligence and related subjects."

FINANCIAL TIMES
PUBLISHED IN LONDON • FRANKFURT • NEW YORK

Head Office: The Financial Times Ltd, Bracken House, 10 Cannon Street, London EC4P 4BY. Telex: (Editorial) 8954871. Telex: (Advertising) 885033. Telephone: 01-248 8000. Frankfurt Office: The Financial Times (Europe) Ltd, Guiollettstrasse 54, D-6000 Frankfurt-am-Main 1, West Germany. Telex: 416193. Telephone: 7598-0. Editorial: Guiollettstrasse 54. Telex: 416052. Telephone: 7598-157. New York Office: The Financial Times, 14 East 60th Street, New York, NY10022, USA. Telex: 238409 FTOL. Telephone: (212) 752 4500.

INTERNATIONAL & BRITISH EDITORIAL, ADVERTISEMENT & CIRCULATION OFFICES

Amsterdam: *Editorial, Advertising and Circulation* Singel 512, NL-1017 AX Amsterdam. Telex: 16527. *Editorial* Tel: 020-276 796. *Circulation* Tel: 020-239 430.

Birmingham: *Editorial and Advertising* George House, George Road, Edgbaston, Birmingham B15 1PG. Telex: 338 650. Tel: 021-454 0922.

Bonn: *Editorial* Heussallee 2-10, Pressehaus 11/104, D-5300 Bonn. Telex: 8869 542. Tel: 02221-210039.

Brussels: *Editorial, Advertising and Circulation* Rue Ducale 39 Hertogsstraat, B-1000 Bruxelles. *Editorial* Telex: 23283. Tel: 02-512 9037. *Advertising and Circulation* Telex: 64219. Tel: 02-513 2816.

Buenos Aires: *Editorial* Edificio Siaco Piso 7, No. 74 Avenida Corrientes 456, Codigo 1366, Buenos Aires. Telex: c/o Reuters (London 24 145). Tel: 01-394 7696.

Cairo: *Editorial* PO Box 2040, Cairo. Tel: 751 482.

Copenhagen: *Advertising and Circulation* 44 Østergade, 1100 DK Copenhagen, Denmark. Tel: (1) 134441.

Dublin: *Editorial* 25 South Frederick Street, Dublin 2. Telex: 25414. Tel: 0001-603 378.

Edinburgh: *Editorial and Advertising* 37 George Street, Edinburgh EH2 2HN. Telex: 72484. Tel: 031-226 4139.

Frankfurt: *Editorial, Advertising and Circulation* Guiollettstrasse 54, D-6000 Frankfurt-am-Main 1. *Editorial* Telex: 416052. Tel: 069-75980. *Advertising and Circulation* Telex: 416193. Tel: 069-75980.

Geneva: *Editorial, Advertising and Circulation* 15 rue du Cendrier CH-1201 Geneva. *Editorial* Telex: 22589. Tel: 022-314 242. *Advertising and Circulation* Telex: 22589. Tel: 022-311 604.

Hong Kong: *Editorial* 7F Sutton Court, Harbour City, Kowloon. Telex: 57590 FTHKO HX. Tel: 3-722-6457. *Advertising* 802 Far East Exchange Building, 8 Wyndham Street Hong Kong. Telex: 60418 Wades. Tel: 5-266-84315.

Johannesburg: *Editorial* 706 Union Centre West, 52 Simmonds Street, Johannesburg 2001. Telex: 8-6257. Tel: 011-838 7545.

Leeds: *Advertising* Permanent House, The Headrow, Leeds LS1 8DF. Tel: 0532-454969.

Lisbon: *Editorial* Rua do Prior 31-33, 1200 Lisbon. Telex: 12533. Tel: 019-674 406.

Madrid: *Editorial* Espronceda 32, Madrid 3. Telex: c/o Reuters (London 24145). Tel: 91-441 6772.

Manchester: *Editorial, Advertising and Circulation* Queen's House, Queen Street, Manchester M25HT. Telex: 666 813. Tel: 061-834 9381.

Mexico City: *Editorial* Calle Dinamarca 54-500, Col. Juarez, Mexico 6DF 06600. Telex: c/o Reuters (London 24145). Tel: 592 5822.

Milan: *Editorial* Piazza Cavour 2, Milan. Tel: 02-706 188/781 075.

New Delhi: *Editorial* 3 Sardar Patel Marg, Chana Kyapuri, New Delhi 110021. Telex: 8131590. Tel: 011-374 308/011-376 484.

New York: *Editorial, Advertising and Circulation* East 60th Street, New York 10022. *Editorial* Telex: 66390. Tel: 0212-752 7400. *Advertising and Circulation* Telex: 238409. Tel: 0212-752 4500.

Paris: *Editorial, Advertising and Circulation* Centre d'Affaires Le Louvre, 168 Rue de Rivoli, 75044 Paris Cedex 01. Tel: 220044. *Editorial* Tel: 010-33-1-4297 0625/6/7/8. *Advertising* Tel: 010-33-1-4297 0621/2. *Circulation* Tel: 010-33-1-4297 0620/0623/0630.

Rio de Janeiro: *Editorial* Avenida Rio Branco 45, Salas 2611/2612, Centro CEP 20090, Rio de Janeiro RP. Telex: 213 3993. Tel: 021-263 8845.

Rome: *Editorial* Via della Mercede 55, Rome. Telex: 610032. Tel 06-678 3314.

Singapore: *Editorial* Times House, 390 King Seng Road, Singapore 0923. Telex: 21239. Tel: 733 2511.

Stockholm: *Editorial* c/o Svenska Dagbladet, Raalambsvagen 7, S-Stockholm. Telex: 17603. Tel: 08-50 60 88.

Sydney: *Editorial* PO Box 182, Spit Junction, Sydney. Tel: 02-20924.

Tel Aviv: *Editorial* 18 Bar Giora Street, Tel Aviv. Telex: 341130/341619/33779. Tel: 03-286 672.

Tokyo: *Editorial* 8th Floor, Nihon Keizai Shimbun Building, 1-9-5 Otemachi, Chiyoda-ku, Tokyo. Fax: 245 0958. Tel: 03-241 2920/2959. *Advertising* Kasahara Building, 1-6-10 Uchikanda, Chiyoda-ku, Tokyo. Telex: J27104. Tel: 03-295 4050.

Washington: *Editorial* Suite 504, 1341G Street North West, Washington DC 20005. Telex: 440340. Tel: 0202-347 4920.

For Share Index and Business News Summary, Telephone 246 8026 (number preceded by the appropriate area code valid for London, Birmingham, Liverpool and Manchester).

All advertising is subject to the publisher's current terms and conditions, copies of which are available on request.

Contracts and Tenders

Clubs

TECHNOLOGY

GEC bridge for a factory's 'islands of automation'

BY GEOFFREY CHARLISH

MARCONI INSTRUMENTS (MI), the printed circuit board design and test automation arm of the General Electric Company in the UK, is attacking the computer-integrated manufacturing (CIM) market with a networked series of products for the electronics industry. MI is working in concert with GEC Electrical Projects, the group's automation specialist company, mainly known for its FAST (factory automated systems technology) development.

Marconi, which made some early announcements about networking in 1984, is not alone in working towards the integrated electronics factory and is, or will be, up against the big US-based computer-aided design (CAD) companies like Intergraph, Computervision, Camina and IBM. Racal in the UK is also moving in this direction. None of them however, seems to be as thoroughly committed to the "one-supplier CIM" idea as GEC.

The CAD industry already offers software links between electronic circuit design, layout and circuit simulation, and links with handlers and testers have been announced. From the other end of the board manufacturing chain the big automatic test equipment (ATE) companies like Schlumberger-Factron, Teradyne, Genrad and Zehntel are working on integration, from test back towards design.

The idea behind CIM, which many experts now see as the only way forward for Western manufacturing, is to link together the "islands of automation" that have sprouted in both electronics and general engineering factories.

On an electronics production line, design, manufacture and test may all have been "computerised" but there is usually no communication between them, often because the three kinds of system come from three different suppliers specialising respectively in CAD/CAE (computer-aided design and engineering), in machines that insert components into circuit boards, and in automatic test equipment.

With CIM, these three areas and others are able to work together, "talking" to each other to achieve the best possible results in terms of design, costs, productivity, quality, the speed with which new products can be brought to market and the reduction of work in progress.

MI's new offering is called MIDATA (Marconi Integrated Design and Test Automation), based on an "open" communications network (that is, one to which equipment from other manufacturers can be connected as well as some new MI workstations and testers that have, or will be introduced before the end of the year).

Several new printed circuit board (PCB) design stations have been introduced. The simplest is the MIDATA 110, at about £9,000. This is based on the IBM PC/AT and allows the designer to generate the schematic of his PCB design which can then be sent to other terminals for board layout, circuit simulation and test program generation.

At the top of the 100 range of workstations is the £60,000 to £80,000 model 140. This is based on the Digital Equipment Company's VAX 2 computer, a 32 bit machine which allows highly complex design tasks to be carried out, such as the automatic routing of the connections on a multi-layer board and the placing of components.

Another new workstation, the model 120, effectively links electronic design and test by automatically generating a suitable test program from data fed in from design software. It costs about £10,000.

On the latest ATE unit, model 540, boards containing most semiconductor technologies, in mixed analogue and digital form, can be tested at high speed. The entry price is about £100,000.

Some links in the MIDATA chain, like automatic inspection, have yet to be made. Even so, GEC is clearly set to take a leading European position in electronic CIM.

David Fishlock, Science Editor, looks at Britain's move to clean up emission from coal-fired power stations

The promise behind acid rain research

BEHIND last week's announcement that Britain is to spend about £600m on new technology to take sulphur out of the exhaust gases of three of its biggest coal-fired power stations lies the latest results from a large and still-growing international research programme—and a promise.

The research programme was, and still is, necessary to correct a grossly over-simplified picture of sulphur as the chief culprit in water pollution problems. The promise was that, if and when sound science showed convincingly that counter-pollution measures were needed by the Central Electricity Generating Board, action would be taken.

The CEGB is now persuaded that some of the sulphur falling upon Scandinavia — albeit much less than was being claimed — comes from its power stations. It has undertaken to fit flue gas desulphurisation (FGD) to 6,000 MW of its coal-fired plant, to ensure that even if the total of coal burned increases to meet an expanding demand for electricity, Britain's sulphur emissions will continue to decline for the rest of this century.

Sweden first alerted the world to the problem known as "acid rain," when in 1972 it related evidence for the increasing acidity of rain in north-west Europe, and in Sweden's rivers, to declining productivity in the country's forest and fish industries.

An OECD (Organisation of Economic Co-operation and Development) study in the mid-1970s on long-range transport of air pollutants offered a simple model whereby airborne sulphur turns into sulphuric acid to make lakes "as acid as Coca Cola," in one telling phrase of the time.

This "washout" model of acidification, however, has since proved far too simple to explain the kind of damage which worries not only the Scandinavians but the foresters of Canada and central Europe, and is beginning to worry the Scots.

The model is still growing in complexity. Its latest version ascribes 8.6 per cent of the sulphur falling upon Norway to UK sources — about half the estimate of 1980 and less than Norway itself is donating. At least 50 per cent, however, is now believed to come from the recirculation of emissions from Europe, from North America, and from natural emissions of sulphur compounds by phytoplankton in the oceans, according to Dr Peter Chester, the director of the CEGB's technology, planning and research division responsible for the environment.

More—and better—research into falling fish stocks in Scandinavia and Scotland showed that this was not simply a function of increasing acidity. If a lake was high in calcium it would remain productive even if quite acidic. By 1980 aluminium leached from acid soil by acid water was clearly identified as the main toxic agent. Sweden meanwhile had begun to dump lime into lakes to raise the calcium level.

Recent research in Scandinavia suggests that a reservoir of sulphur in the soil is crucial in preventing toxic aluminium compounds from washing out, to poison streams and lakes. Simply increasing or decreasing the amount of sulphur falling upon Scandinavian soils will not have a proportional effect on the fish. On the other hand, the soil can be dangerously denuded of sulphur by domestic actions such as large scale forestry operations.

In 1983, amid protests that research had already proved Britain "guilty," the CEGB and British Coal announced a £5m study "to determine what changes would be brought about in water chemistry and fishery status in Norway and Sweden by given levels of reduction of man-made sulphur deposition."

Partly through this new research but still more because of new Scandinavian studies, the CEGB says it is convinced that Scandinavian soils have been accumulating acidity and sulphur for many decades, possibly for 150 years. A very important factor in its soil acidity has been its own afforestation programmes, involving the planting of Norway Spruce with its special ability to capture sulphur.

Even if acid deposition ceased overnight, the problem could take decades to disappear. But armed with a basic understanding of the problem, two types of action could accelerate the process of neutralising the acid soils. One is to see that the sulphur input, not just from Britain but from all sources including domestic forestry practice, continues to fall. The other is a programme of soil neutralisation with such alkalis as lime.

The joint research programme, independently managed under the aegis of Britain's Royal Society, the Royal Academy of Science of Sweden, and the Academy of Science and Letters in Oslo, continues and "remains as valid today as when the programme was launched in 1983," says Dr Chester. But the CEGB is also backing a new domestic research effort on forest and crop damage by atmospheric pollution, under the aegis of the Natural Environment Research Council (Nerc).

The £1m programme is a big boost for research Nerc has been conducting since the early 1970s, principally through its Institute of Terrestrial Ecology, near Edinburgh, and its Institute of Hydrology, near Oxford. This has demonstrated relatively high levels of acidity in Scottish mists, up to 10 times the acidity of rainwater caught by more traditional means at ground level. It has also shown that trees take up this acidic cloud water through their leaves.

The cloud water turns out to be a murky mixture indeed, containing much more than sulphur. The new research is likely to focus on the effects this cocktail of atmospheric pollutants is having on the health of the forests.

The problem is getting increasingly complex, says Dr Michael Unsworth, a senior scientist from Nerc's Institute of Terrestrial Ecology. He says it is hard to quantify the improvement any given reduction in emitted pollution may bring. "Every time we try, something new comes to light."

Whatever turns out to be the cause of the "acid rain" problem, its roots lie much deeper than the emissions of coal-fired stations, perhaps as far back as the start of the Industrial Revolution. Research has established a good link between industry and the decline in freshwater purity, but no link between the impurity and any one industry, he says.

3D information put on the map

WORTH WATCHING

Edited by Geoff Charlish

MAPPING INFORMATION can be obtained quickly in "three dimensional," integrated form using a new system from Wild Heerbrugg (UK) of Chatham, Kent (0634 64471).

System 9 is aimed at public utilities, local authorities and big companies with large sites and facilities. It is based on small computers from Sun Microsystems with processing power previously obtainable only from minicomputers.

Using map data entered from a variety of sources, System 9 produces comprehensive spacial images on the screen.

VOICE, VIDEO and personal computing can be handled by a desk-top system from Datapoint, the Texas-based data communications company (London office: 01-459 1222).

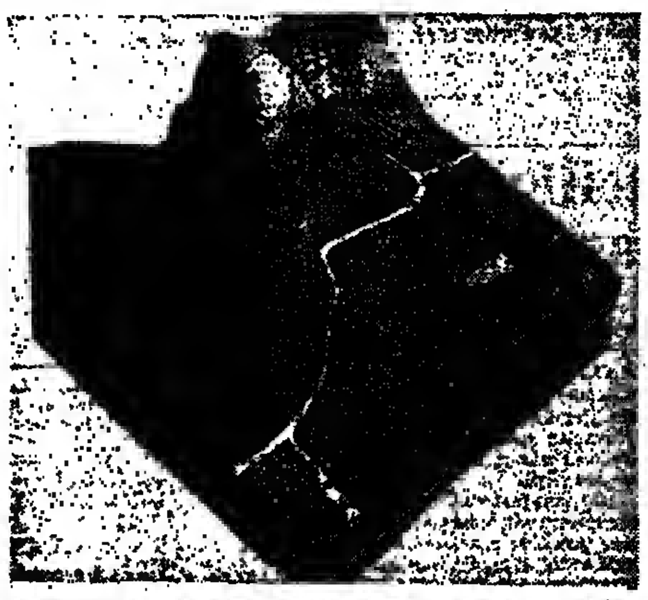
Based on the IBM or Vista personal computers, Minx (multi-media information network exchange) has separate processor, display / camera unit and keyboard, with a keypad to choose the mode of operation.

Thus the user can, for example, process data and send it to another Minx, hold an ordinary phone conversation, make a video telephone call, or send graphics by holding originals up to the camera unit.

Minx will function over private data networks and eventually over the phone lines via digital private exchanges when ISDN (integrated services digital network) is introduced in Europe.

Datapoint has also announced that Oceanics Communications of the UK will incorporate Minx into its own line of video conferencing equipment. Then, a Codec (coding/decoding unit) will be used to compress the data, allowing it to be sent over standard 64,000 bit/sec digital telephone channels.

LATTICE LOGIC: A report on this page on September 10 wrongly implied that Lattice Logic, the computer aided design company, has headquarters in California. The company is Scottish, based in Edinburgh.



Example of three-dimensional map available on Wild Heerbrugg's System 9.

Powerful demand for mainframes

MAINFRAME COMPUTER power demand will continue to increase over the next 10 years at an annual average rate of 32 per cent, according to Pedder Associates, the London market research company (01 878 9111).

Computer power is measured in MIPS (millions of operations a second). Pedder says that some 4,600 MIPS of mainframe power were delivered to UK users during 1985, a figure likely to increase to 19,500 by 1990—in spite of the growing use of personal computers.

But prices are coming down. A MIP costs about £204,000 now but will drop to £70,000 by 1990. In 1975 a MIP cost £1.3m.

MANAGEMENT: Marketing and Advertising

EDITED BY CHRISTOPHER LORENZ

Pepsi features Tina Turner in its TV ads as well as sponsoring her tours

UK sponsorship at last goes pop

BY ANTONY THORNCROFT

CHRIS DE BURGH, a singer of romantic ballads, opened a 60-date European tour at the Coliseum in St Austell, Cornwall, *last Thursday night. It* was an emotional experience for his many fans — and for the executives of ITT, the American electronics company, which plans to invest £500,000 in the project.

ITT is in the process of launching its Digivision range of digital televisions. Its most important European market is West Germany. Chris de Burgh is one of the best-selling foreign recording artists there. He is also reliable, respectable and appeals to the age-group around 30, which might well be interested in buying a digital television.

So the tour is entitled "ITT Digivision presents Chris de Burgh" and the company name will be prominently displayed in the concert halls, in the programmes, on the merchandising, in the advertising. Local dealers will be invited along to the performances, and Chris de Burgh will meet some of them after the show. With one national screening for a 30-second TV commercial at peak time costing up to £130,000, ITT does not think it is being exploited.

Neither does Chris de Burgh. His immediate gain from the link may be only a digital television set, but the sponsorship goes some way to meeting the horrendous costs of a major tour. He travels with an entourage of almost 50, with weekly bills of around £100,000. Thanks to ITT's contribution, Chris de Burgh, as well as selling more records, might even make a profit from his three-month swathe through Europe.

Last Sunday at Poole Arts Centre in Dorset, 5 Star, a young black group from Romford who are being projected as the UK's answer to the Jacksons, started a more modest national tour, with some help from Cadbury, which is putting over £100,000 into the venture, to promote its Crunchie brand. This time the marketing strategy is: effervescent young band; lively product; teenage audience which should enjoy both. So you will hardly be able to escape the Crunchie name at a 5 Star concert and you will leave munching a free sample.

These examples suggest that the UK is finally catching up with a bandwagon that has been *rolling in the US for* almost a decade. There the very biggest acts—the Rolling Stones, the Jacksons, Lionel Ritchie, Stevie Wonder—have welcomed business sponsorship to help to finance costly tours, and a thriving industry has developed, with a *turnover of* at least £100m.

The most enthusiastic sponsor of pop music has been Pepsi-Cola which paid the Jacksons $8m to be associated with their US tour. It has subsequently supported Lionel Ritchie and Tina Turner and is now negotiating with Michael Jackson about another link-up with a reputed $15m price tag.

Pepsi-Cola has taken its involvement with pop music one step further. It has paid high additional fees to artists of up to $1m to appear in its television commercials, one of which, featuring Tina Turner, is now being used in the UK. The singers are not actually observed drinking Pepsi — it is unlikely that Jackson, a health food fanatic, has ever touched the stuff — but they are caught in the full flow of a live performance with the Pepsi name to the fore. *The gains for* Pepsi have been tangible. For the first time it has overhauled Coca-Cola in advertising awareness and it has been paid the compliment of a similar promotion by Coke, which sponsored international artist, Julio *Iglesias, in the US.*

It is surprising that it has taken British companies so long to appreciate the marketing potential of pop music. It is the major obsession of young people who, unemployment notwithstanding, tend to have high disposable incomes, are heavy consumers in certain distinct product fields and are low TV viewers, hard to reach with commercials. It is also easy to pinpoint specific age groups by backing specific bands — bi-monthly surveys by research company Carrick James monitor the fickle musical preferences of the young: one recent finding is that Madonna is best liked by 11 to 14-year-old boys, making her unattractive to most potential sponsors.

The development of pop sponsorship in the UK has been held back by the lack of efficient marriage brokers, able to tie up the deals. Some companies, such as Levi Jeans, have regularly exploited the marketing opportunities, backing tours by Sting, David Bowie and Roxy Music, but others, such as Guinness, which supported a Police tour, retired financially hurt after the experience. And at least one of the promotional companies, US pace setter Rock Bill, found the British market unripe for exploitation.

Now there is more expertise on call. The Chris de Burgh and 5 Star deals were fixed by Music Link, a subsidiary of *Chris Ingram Associates,* the UK-based media consultants. West Nally, of London, best known for its sports promotions, is a major force, and is currently seeking a European tour link for Grundig. Keith Prowse is also active, working with Harp *Lager* which, since January, has spent £500,000 on pop sponsorship.

Instead of committing itself to one artist, Harp buys into concerts given by a range of bands, broadening its market. This year to date it has backed 66 performances which played to 415,000 potential customers. Before Christmas it is planning another 100 concerts. With the Harp name prominent at the venues — and in the bars, on the tickets and the merchandise, it thinks it has reached its main consumers — young C1/C2 males. Among the bands it has supported are Marillion, Ultravox and Status Quo. Its money will enable the American star Huey Lewis to add provincial dates to his forthcoming British tour. Its biggest coup was the moment when Freddie Mercury of Queen drank from a can of Harp lager in front of almost 100,000 fans, and the TV cameras, at Wembley Stadium.

This is an unexpected bonus. Most stars are reluctant to become too closely identified with products; for many it is a case of take the money and run. But they find it hard to resist the cash being offered, and when a band like Genesis plans a world tour, it will seek a sponsor, preferably a multinational company, to contribute $1m plus to defray some of its expenses.

Music Link and West Nally tend to carry round with them two lists — companies seeking a suitable band to sponsor, and bands anxious to find a backer. The closest relationship to date has been between Bucks Fizz and Sharp, the electronics company. Since May 1985 Sharp has invested £2.5m in identifying its products with the band, who feature in all its advertising. In their stage act they perform inside a mock-up of a Sharp transistor; the connection is total. And both parties seem happy enough with the deal.

The ultimate is for a company completely to take over a pop group, endowing it with its brand name. This has happened in Australia with mixed success. In the UK new bands are often happy to accept practical help in the form of equipment and clothing from companies — newcomers Tanh-Chi, for example, are kitted out by Gola sportswear. The smaller record labels will also consider allowing a sponsor's name on to its record sleeves. At every level there is a constant battle between the pride of the artist and the lure of Mammon — some stars, like US singer Bruce Springsteen, will not accept any commercial tie-up at all.

At the moment a standard rate of charges is developing dependent on the status of the band. At the cheapest level a company might buy its name on to the advertising for concerts and on to the tickets. For a little more it can have banners at the performances and hand out posters and gifts. A closer connection tends to be very expensive and limited to artists not quite of star stature — British pop group King, as they sought success, were quite prepared to attend store promotions for tour sponsor Boots.

Pop sponsorship is heavy with hazards. Sponsors have been left financing concerts which have been cancelled because of poor ticket sales; there is the constant problem of matching promotional budgets, which tend to be planned a year in advance, with tours that are set up in a *few* months. Many artists are greedy, taking much, giving little. Others amaze sponsors by promoting their brands on stage.

It can also be a murky business, with its origins in the days when companies gave band managers drink, or hotel accommodation, or free flights, in return for seemingly casual product endorsement by artists. *Slowly it is* becoming respectable, and quantifiable, and organised. As other media costs rise, the opportunity to promote a brand to a target audience when it is enjoying itself will seem worth examining, at the very least, to more and more companies. *And then over-kill,* and consumer bemusement, will set in.

Prudential Corporation

Discarding a stolid image

Nick Bunker on the UK insurer's radically changed persona

HONEST, responsible, old-fashioned, lumbering, staid: such is the public image of the Prudential. At any rate, that is its public persona according to a recent, informal survey among some of its 14,000 direct salesmen.

Last night, in the Royalty Theatre in London's West End, the Prudential Corporation, the UK's biggest life assurance, pensions and household insurance group, sought to change all that. Its slightly-built, dapper chief executive, Brian Corby (an actuary by profession), was the straight man introducing a 75-minute video and laser presentation of the Pru's much-publicised new corporate identity.

This was the last in a series of similar shows given over the past three days, to about 7,200 of the Pru's 30,000 staff.

Behind it lay a year's work, a £1m budget, and a determination to recast the Pru's historic image to fit its new destiny as a diversified retailer of financial services — estate agency, unit trusts and investment skills. From Monday, the Pru's new image will be on public display in a six-week, £2.5m television advertising campaign.

The new face of the Pru will be just that: a logo, devised by Wolff Olins, the design consultants, based on the female figure of Prudence (one of four cardinal virtues). Coloured red and grey, *in* place of the Pru's traditional orange, it signifies "a dynamic spirit," a "bold new look," and a "lighter, fresher identity," says David Vevers, the corporation's group public affairs manager.

A *female* figure was chosen because market research found that insurance is seen as female, warm and protective (as opposed to the stern maleness of banking), and Prudence to trade on the Pru's reputation for solidity. For those Pru customers with a knowledge of classical iconography, the logo *also features abstract* representations of the snake (meaning wisdom), the arrow (meaning skill), and mirror, signifying self-knowledge.

So much for the image, to be installed on all the Pru's stationery, advertising and 400 *district offices. A clue* to the Pru's deeper strategy lies in its *decision* this week to bus to the Royalty Theatre so many of its national sales staff. It shows the Pru's concern to make its staff cohere around a new strategy at a time when the marketing of life assurance and other investment products is changing rapidly under the impact of new competitors (such as the building societies) and the threat of new regulations under the Financial Services Bill.

The reorientation of the Pru — which includes trying to appeal to a younger, more affluent market than in the past — has imposed new strains and demands on the organisation.

Since Corby took the helm in 1982, one key management aim has been to decentralise decision-taking to make the Pru respond faster to its markets. A side-effect was a loss of cohesion in product marketing.

Two signs of the Pru's new direction came with the appointments last year of Vevers and Malcolm Hughes, who came from the Nationwide Building Society to become general *manager (marketing)* for its UK individual division which handles life policies and personal pensions. After five months running the Pru's public affairs department, Vevers began arguing that a new corporate identity was needed.

A first report was commissioned from Wolff Olins. It "shocked the board" when it was shown to them in January, says Vevers. "You could divide company symbols into geometric shapes, abbreviated initials, heraldic devices and olde worlde lettering. We had every one of them."

The point was to evolve a single image and identity, and in turn to emulate other successful corporate image campaigns. British Airways was "a textbook example of how to do it," Vevers says. Hitherto, the Pru has done no corporate advertising, though this spring it ran a television campaign to launch its mortgage origination service. So the Wight Collins Rutherford Scott agency was hired to plan the autumn campaign.

Meanwhile, between January and June, Wolff Olins completed investigations of public receptions of the Pru, and looked at five or six types of new logos. The final red-and-grey image met mixed feelings at the company, but "grew on people" says Vevers. "It puts a face on a faceless world."

Marketing abstracts

A broader approach to television research. M. Svennevig and R. Wynberg in Admap (UK), May 1986 (5½ pages).

Gives an overview of current television research findings; suggests existing methodologies are not sufficient to cope with changing patterns of TV viewing; examines addiction to different types of programme and different sorts of addicts; reports experimental research, commissioned by the Indepen*dent* Broadcasting Authority, in which viewers are monitored (by a camera and recorder incorporated in the TV set) as they view, and their behaviour compared with diaries they complete to record their viewing. Finds, inter alia, that pure viewing is rare, and that different individuals apply different degrees of attention (active or passive). Implies that the strength of programmes at peak viewing times (which are the same as peak advertising times) might diminish the impact of commercials during that time.

How to keep marketing communicators updated. B. Donath in Business Marketing (US), April 1986 (6 pages)

Discusses how Engelhard (chemical/metallurgical products) determine marketing objectives by using an internal questionnaire — called a "market-profile," emphasises the collaboration between marketing communications people and product marketing managers to complete the questionnaire; illustrates how the system works (based on a fictional product); describes the line-by-line content of the questionnaire to show how information required for sound communications strategy is shared.

These abstracts are condensed from the abstracting journals published by Anbar Management Publications. Licensed copies of the original articles may be obtained at a cost of £4 each (including VAT and p & p; cash with order) from Anbar, PO Box 23, Wembley HA9 8DJ.

Bristol Fo-fashion, Mozart in Mold

The new season at the Theatre Royal Bristol has made a brilliant start under its new director, for Leon Rubin has been joined as associate by Roger Rees, and Roger Rees gives a coruscating comedy performance in the season's first production, Dario Fo's *Archangels Don't Play Pinball*.

Mr Rees has come to Bristol to engage in other theatrical activities besides acting. He will direct Ben Travers' *Turkey Time* for Christmas, will direct another production later in the season, and design one. Rumour says that he may even write one. He is the true Renaissance man of our theatre.

Meanwhile, here he is in Dario Fo's farce, playing in a style we have not seen before. *Archangels Don't Play Pinball* was heard on the radio earlier this year, and left me feeling half-hearted about it. The reason is clear, the humour is almost entirely visual. To hear it without seeing it is to get only a small part of the tireless farcical invention. The translation, by Roger McAvoy and Anna Maria Guigni, has been vetted by Dario Fo; he left it submerged in altered lines, no small task for the company.

Dario Fo's victims in this piece are anonymous officials who sit behind their desks and interpret regulations without regard to the people the regulations affect. There is a splendid song in the first act, categorising such people in the manner, dare I say it, of W. S. Gilbert. Lofty, whose real name is Lovely Cloudy Stormy Weather, and who is played by Mr Rees, has been without his pension documents for years, and when, after a good deal of trouble, he has them turned up, it turns out that he is registered as a retriever dog. Naturally he is taken to a dogs' home. If he is not claimed within three days, he will be put down.

This is only incidental to the main story, which is a purely conventional tale of the loss and recovery of a girl-friend. Not that there is anything very conventional about Fo's version of it. Lofty is kidded by his friends that he is being married to a beautiful girl according to the rites of the Albanian Orthodox church. The girl is indeed beautiful, being played by Tina Jones.

What follows is the characteristic stuff of farce. We are at the registry, at the dogs' home, in a train, at the laying of a foundation stone. Canine Lofty escapes from his keeper after a lot of everyday trouser-work that leaves him dressed as the Minister who is to lay the stone, only the tip of his nose still revealing his dogginess. He replaces the Minister at the ceremony, and, encouraged to kiss the Minister's wife, discovers her to be his own lost love. If I add that in due course he finds that all his adventures have been part of a dream, you will see that the story is no more than a framework on which to hang the splendid foolery with which the author and Glen Walford, the director, have regaled us all evening.

Roger Rees takes to farce like a dog to water. Not content with acting, writing and designing, in this production he also plays the piano and does some simple conjuring tricks. He is able at moments to inject true sentiment into the nonsense that is going on around him, and to dismiss it with a word of a gesture.

I should have known I was dreaming, Lofty says, when I saw the same faces everywhere. He is indeed surrounded by varied figures who turn out to be Christopher Ettridge (a pastry-cook accused of selling poisoned cream puffs, an Albanian priest, a Minister, and so on), Keith Woodhams (a doctor, a train guard, a dog-pound keeper, etc.), Simon Slater (a conjurer, a soldier and the composer, arranger and director of the music, *et hoc genus omne*), and half a dozen more.

The set, designed by Claire Lyth, is dominated by a vast green umbrella, illustrating the opening chorus, "The night is like a giant umbrella full of holes." Changes of location are indicated by moving around a set of wire cages the size and shape of sentry-boxes. Don't ask what they represent. This is Dario Fo.

B A Young

Roger Rees as Lofty in Bristol

Peter Shaffer's middlebrow monument to Mozart made of meringue is being mounted at Mold. This garish gaud of a play sounds increasingly hollow with the years. The chief point of interest in Theatr Clwyd's production is how the creator of the title role and subsequent cinematic Schikaneder, Simon Callow, would assume the director's mantle.

It turns out to be a cloak of invisibility. Commuting between North Wales and film commitments, Mr Callow has evidently had no time to explore characterisation in any depth or to give his cast more than perfunctory indications of mannerisms rather than motivation. The result is a long evening that demonstrates this play's need for towering performances to disguise the banality and evasiveness of the writing.

What emerges is a set of late 20th century Home Counties values that judge Mozart to have been the ultimate yahoo by such criteria of civilisation as A levels and tennis club acceptability. The author thereby hopes, evidently, to sidestep the traditionally tricky problem of portraying genius on stage. No need to depict it, the play's argument runs, as it was not apparent in Mozart himself.

Apart from the fact that Mozart, having trotted since infancy round some of the most rigidly formalised courts in history, was aware of when not to make rude noises or scatalogical jokes as even a modern-day playwright, we inescapably know him as the divinely-touched composer of *Figaro* and the Jupiter, the clarinet quintet and *Così*. Mr Shaffer's exclusively bumptious caricature of a smutty brat just won't wash.

In the figure of Salieri, bitterly self-styled "patron saint of mediocrities" (for another view see my colleague Max Loppert's record review of his *Falstaff* on this page on Saturday), Shaffer sets up a potentially tragic dilemma: the good man devoting his limited gifts to God's service, shocked by the divinely mocking choice of an unworthy vessel for supreme beauty, decides to thwart God's plan. "Man is not mocked," cries Salieri; but in the God-versus-mediocrity stakes the outcome is never in doubt, scarcely enlivened by this sketchy account of a Marlovian over-reacher couched in the style of Reader's Digest.

"I want life, Baron. Not boring legends!" So throbs Mozart in B-movie vein. Well he won't get it at Mold, where Bruno Santini's designs, evoking the doomed transitory magic of moonlight, are the most successful elements in the production. An apparently deserted ballroom (the producer's programme note refers to a haunted theatre) is a silvery ensemble of mottled grey and black marble, even down to the bookcase and fortepiano that rises through the trapdoor at the summons of Salieri's thumped stick. Full-length double windows occasionally open to a romantic etching of the night-sky, moon scudding through flamboyant clouds.

Columns, a flight of steps, a roccoco cartouche suspended above, all do duty for court, home or street, helped by Geoffrey Joyce's atmospheric lighting. Only when the rain in the park falls on the just, the unjust and the piano, and when Amadeus climbs library steps and looks inwards across the room while meant to be watching the street from his window, does the unchanging set seem clumsy.

Grating Italian accents turn the gossiping *venticelli*, here a man and a woman, into the conspiritorial couple from *Rosenkavalier*. Robin Hooper's apologetic Emperor must be the most self-effacing wearer of St Stephen's crown ever to bestride the Danube. But the production's undercasting is most damaging in the leading roles.

As the Mozarts, Rupert Graves and Elizabeth Edmonds exchange banter in the slovenly sub-cockney verbal slouch favoured by fashionable young actors. Mr Graves is simply not ready for Amadeus (Callow was already vastly experienced when he created the part). "Has everything to be a joke with you?" asks the scandalised Baron. Not in this joyless depiction, lacking vitality and ebullience, unable to point lines; it is a collection of externals—notably the script's prescribed fidgety feet and hands which here look unnatural, stilted and false.

As Salieri, David Bamber earnestly plods through the playwright's ultimate cop-out—the narrator who has to explain everything to the audience—with minimal vocal variation and a perpetual expression of conscientious concern. A staggeringly noisy audience (one cougher was banned after the interval; another prompted reaction from both the audience and the hapless Mr Bamber in mid-scene) hardly helped.

Martin Hoyle

Chris Jury, Kate Lock and Eileen Atkins

Alastair Muir

Tuesday's Child/Stratford East

Michael Coveney

Tuesday's child, like the hailed Mary, was full of grace, which is more than can be said of this bumpy comedy by Terry Johnson and Kate Lock at the Theatre Royal, Stratford East. In a small Irish Catholic town, the authors posit a modern equivalent of the virgin birth, preferring scientific theories of parthenogenesis to divine intervention.

The satire and intellectual points are slowly foisted upon an heretical scenario that bears a limp relationship to *Once a Catholic*. Instead of jokes about schooldays we have jokes about miraculous deception, with old folk in wheelchairs piling into the church where a plaster madonna is bruited to have gesticulated after Benediction last Sunday. Or it could have been a vibration from the Number 27 bus.

So far so *funny*, Mike Bradwell's staging in a draughty grey pillared chancel designed by Jenny Tiramani successfully esablishing the tyranny of Eileen O'Shaugnessy (Eileen Atkins) over her children and the house where she takes in the old folk as lodgers. The confessional booth swings round and Eileen's daughter, Teresa, confesses a miracle pregnancy to the cynical priest who subscribes to Scientific American.

Kate Lock as Teresa has written herself a long and involved monologue describing how, on a trip to the Holy Land, she "got a little tipsy in Nazareth," went on a camel ride and came over a little queer the minute she sat down on a step. Father Doyle (Michael Angelis, Bleasdale veteran in *Boys from the Black Stuff* and that underrated film *No Surrender*) is well read on the subject of fatherless chickens and will have none of Teresa's immaculate conception twaddle.

The structure buckles and sags, but the writing is at least sharp and tangy, if less secure in its gynaecological excursions than in its theosophical dabblings. If Teresa, for instance, claims never to have had a period, how can she know that she's six and a half weeks gone?

The long confessional scene (for once, one such placed in a confessional) gives way in the second half to toe-curling Irish comedy with Miss Atkins ruling the roost and her son (Chris Jury) ruling the rooster. A chicken is passed around like a Sunday collection plate and finally cooked for lunch. Father Doyle defrocks himself once the baby girl has arrived and offers Teresa a quiet home in County Clare. Perhaps he will take up carpentry.

The show is not so much offbeat as off key. Inaccurate Irish accents—especially from Miss Atkins, whose squint-eyed comic demeanour sells short her natural talent, and Chris Jury—*flying around like, well, chicken feathers*. Mr Angelis is sympathetic but fatally lethargic as the priest and there is a dreadfully imprecise double from David Blake Kelly as a Bible punching cleric hanging around the first act cloister and a crashingly available second act doctor (the deceased cleric's son!) who delivers the premature baby.

New moves for the West End

While the West End theatre contemplates a slack summer and hopes for a better autumn, news comes of three new initiatives designed to stir up the theatrical world: Michael Bogdanov and Michael Pennington are launching a new classical touring company, the English Shakespeare; David Pugh is setting up a new production company; and Paul Raymond is adding another theatre to the West End.

The English Shakespeare Company revives the old days when Donald Wolfit and his ilk brought Shakespeare to the remoter corners of the land. Bogdanov and Pennington will be on the road for almost nine months with *Henry IV Parts I and II* and *Henry V*. The tour starts on November 3 at the Plymouth Theatre Royal (which is making the scenery, costumes and props for the plays) and then visits ten provincial cities, and European capitals.

The enterprise ends with a six week season at Ed Mirvish's Royal Alexandra Theatre in Toronto. Mirvish, who also owns the Old Vic, is putting up £125,000 — almost half the money needed, with £100,000 coming from the Arts Council for the regional tour, and the Allied Irish Bank, in its first British sponsorship, supplying £65,000.

The venture marks the Old Vic's first investment in a production. Pennington plays Prince Hal and Henry V; John Woodvine is Falstaff; and the 25-strong company also includes John Price, Patrick O'Connell and Gareth Thomas.

David Pugh's first production will be *Night Must Fall*, presented at Greenwich for a six week Christmas season. He believes the West End is starved of quality thrillers and if the run at Greenwich goes well he will be seeking a modest £80,000 to find a central theatre.

Pugh is a young acolyte of experienced West End producers Robert Fox and Bob Swash and takes a practical approach to his chosen profession he would like to develop his own writers; he wants a small group of angels who will back him with sizable sums; he believes that London is ripe for some well-crafted plays with developing plots; he is keen on regional try-outs, which help towards the financing of productions as well as testing them before a real audience; and he is not averse to Arts Council cash to underwrite tours — his next projects are a subsidised revival of *The Orphans* and an early Willie Russell. His company is backed by Michael Medwin.

That is perhaps why he is starting with *Night Must Fall*, which in its film version starred Albert Finney and featured Michael Medwin. For the Greenwich revival author Emlyn Williams has put back the dialogue blue-pencilled out by the censor in the original 1935 production.

Paul Raymond's decision to return theatre to the Windmill (now known as Paramount City) completes the circle. It was a theatre in the 1920s before the armed forces made it one of the best undressed addresses in London during the Second World War. In recent years cabaret and alternative comedy have been tried there and failed. Now, with a production of *The News*, a musical starring Richard O'Brien and Peter Straker and based on the tabloid press, which was a hit at the Burt Reynolds Theatre in California, it is drama—but with a difference. The tables remain and drinks will be served, creating a theatre club atmosphere.

Antony Thorncroft

More strength to LPO

The London Philharmonic Orchestra starts its 1986-87 season at the Festival Hall this week in good shape. It has an accumulated surplus of around £200,000; it raised its Festival Hall audiences last season from 72 per cent of capacity to 79 per cent; and its principal conductor, Klaus Tennstedt, has recovered from a serious illness.

As a sign of its confidence the LPO is spending over £30,000 on a corporate television advertising campaign. Among the highlights planned for the new season are a Beethoven series under Tennstedt with Pollini as soloist; two performances of Mahler's fifth symphony under Solti; works by Bartok, Panufnik, Sallinen and Benjamin from the "modern" repertoire, and, in a move towards the more adventurous programming wanted by the new South Bank Board, items by Martucci, Glinka and Nielsen, among others.

Israel Philharmonic/Festival Hall

Max Loppert

In December 1936 the Palestine Symphony Orchestra gave its first concert—in Tel Aviv, under Toscanini. Just short of 50 years later the Israel Philharmonic has undertaken an international anniversary tour, and Leonard Bernstein, one of the names most closely bound up in the orchestra's postwar history, is leading it. Tuesday's Festival Hall concert, the start of the European segment of the tour, also marked the European premiere of the new work that Bernstein had produced for the celebrations; but that was much the least part of the occasion.

Jubilee Games, a brash piece of orchestral display in two parts, sounded suspiciously like a collection of Bernstein scraps pieced together in haste; as even Bernstein scraps are worth having, the piece is worth hearing, but it makes a slender entry on the list of his compositions. The first part, "Free-Style Events" (which the composer calls "musical athletics"), casually reheats aleatoric and other musical devices of the dear departed 60s that appear to have been left in the Bernstein mental refrigerator for more than 20 years: short loud blasts of departmental do-your-own-thing, punctuated by shouts, and later reproduced electronically, to no great purpose.

The second part — entitled "Diaspora Dances" — gathers a "socio-cultural, geo-Judaic" collection of dance tunes, the first in a quite appealingly complex additive rhythm. It is a moderately bright and bouncy movement, with a quiet centre and a festive reprise, but it hardly measures up to the best Bernstein can do in this particular humour.

The second offering of a rather unsatisfactory first half was Lukas Foss's 40-year-old "Biblical Solo Cantata," *Song of Songs*. In truth, the work seemed not to have lasted very well. There is good lyrical material, and evidence of fresh responses to the chosen passages from the song of songs; but the feeling of excessive length proportionate to substance grew stronger with each movement (a listener's impatience with lines numerously repeated is a sure sign that the music has failed to justify the repetitions). Sheri Greenawald, an American soprano making here her British debut, was a most beautifully subtle, distinguished soloist.

It was left to the *New World* Symphony, after the interval, to focus the occasion, to provide cause for celebration not only of the orchestra's continued existence but of its long partnership with Bernstein. The Israel Philharmonic may not be one of the world's great virtuoso bands, but the players can blaze with a very special vitality when prodded to do so.

This was one of those blazing performances. There was nothing understated, nothing of the flowing, unforced approach, about it. Fast movements were high-charged with drama; the *Largo* was drawn out to a greater length than I can ever remember in the concert hall; yet a feeling of passionate warmth seemed to flood the music with new freshness, and where the letter of the score was apparently contradicted, one was in no mood to be critical.

Quartet/Covent Garden

Clement Crisp

The four works in Tuesday's programme by the Sadler's Wells Royal Ballet provided an engaging portrait of the company, of its style and achievements, without cosmetic retouching of its blemishes. It was an evening which told of an *ensemble* working strongly together, able to convey nuances of feeling — in MacMillan's *Quartet* and Michael Corder's *Wand of Youth* — and eager to show its paces in the leaping and stepping of David Bintley's *Flowers of the Forest*.

Quartet has returned to the repertory with handsomely revised design by Deborah Williams, who has made a set showing vast windows framing a distant landscape, the emotional exchanges between four couples finding a locale which seems to focus their tensions and *happiness*. The piece is swiftly nuanced, and at its finest — in the slow movement of the Verdi string quartet that is the score — it touches the heart as two pairs of lovers at last resolve their differences.

The late Edwardian afternoon of *The Wand of Youth* is beautifully suggested in Charles Maude's conservatory setting, as it is in Michael Corder's understated yet perceptive dances. The piece is haunted, of course, by its finale, when the blasted landscape of Ypres is revealed: the impermanent and bitter-sweet joys of the young members of the cast, and of their parents, become all the more potent thereby. Corder's musical sensitivity in matching his narrative to his Elgar score is everywhere sure, and most surely realised by a fine cast, with Leanne Benjamin and Michael O'Hare outstanding as the central figures.

Miss Benjamin was also seen in Balanchine's *Chaikovsky pas de deux*, but an arbitrary partnership with David Ashmole, a guest for this season, was not always secure, and the piece lost that gloss it must have in its least moments as in its most dazzling bravura.

The Flowers of the Forest brought the evening to a roaring conclusion. The jokes, the nipping and tucking that raise the spirits in the first section (to Malcolm Arnold's *Four Scottish Dances*) were merrily done by Karen Donovan, Sandra Madgwick, Michael O'Hare and Graham Lustig; the darker and grander manners seen in Britten's *Scottish Ballad* awaken memories of old Highland sorrows, but the piece ends irresistibly, with its cast flashing and flying past with an enthusiasm that is one of the company's great virtues. The dance is buoyantly alive.

Arts Guide September 12-18

Exhibitions

PARIS

What is Modern Sculpture?: Rather arbitrarily, the American art critic Margit Rowell answers by excluding Rodin and Maillol from the 1900-1970 period. Her criterion is a break with tradition, and tin, welded wire, plywood and string are next to sculptures in bronze and marble. There are some splendid works by Picasso and Matisse, Brancusi and Giacometti. The exhibition continues from the 5th floor to the forum in the basement with Beuys and Arte Povera and is unspeakably depressing. Centre Georges Pompidou, Closed Tue (42771112) Ends Oct 13.

NETHERLANDS

Eindhoven, Van Abbe Museum. Currently drawing a record number of visitors to the 50th anniversary 'Eye level' exhibition of its entire collection. The 1,500 works read like a roll-call of modern art, from Chagall, Kandinsky, Braque and Picasso to Klein, LeWitt, Baselitz and Kiefer. Ends Nov 9.

SPAIN

Madrid, Prado Museum. French, Spanish and Italian paintings of the 18th century. This exhibition from the Prado collection includes works not seen for 15–20 years as well as recent acquisitions. Tiepolo, Bayeu, Maella, Paret, Juan Bautista, Mengs. Palacio de Villahermosa, Plaza de las Cortes 6. Ends Sept 30.

SWITZERLAND

Lugano: Villa Favorita: Goya In Private Spanish Collections: 50 paintings by Goya, normally impossible to see and which have never travelled before. The exhibition is organised by Baron Thyssen and the Spanish Minister of Arts. Among them is the portrait of the Contessa di Chinchon, considered the best of Goya's paintings of women. Ends Oct 19.

BRUSSELS

When the posters went to war: American posters through the two world wars. Musée Royale d'Art et Histoire. Ends Oct 12.

NEW YORK

Metropolitan Museum of Art: 40 Impressionist and early modern paintings from the Hermitage in Leningrad and the Pushkin Museum in Moscow include works by Picasso, Matisse and Chagall rarely seen in the West. Ends Oct 5.

WASHINGTON

National Gallery: Viennese Renaissance sculpture from the Kunsthistorisches Museum includes work by Bertoldo di Giovanni, Andrea Briosco, and Alessandro Vittoria. Ends Nov 30.

TOKYO

Turner (1775-1851): Over 100 oil paintings and water colours in one of the most important Turner exhibitions held overseas. Loans (20 from London's Tate Gallery) include Rain, Steam and Speed from the National Gallery, and Lifeboat and Manby Apparatus, courtesy of the Victoria and Albert Museum. Tokyo Museum of Western Art, Ueno Park. Sponsored by Nihon Keizai Shimbun and British Council. Ends Oct 5. Closed Mondays.

Busoni/Elizabeth Hall

Richard Fairman

One of the major successes of last season was English National Opera's production of Busoni's *Doktor Faust*. Much praise was accorded to the work's staging, but in the last resort it was surely the score that carried the evening, its immense and powerful strangeness lingering in the mind long after the performance itself had finished. Tuesday's well-timed concert took exploration further and unearthed a very mixed half dozen of the composer's lesser-known pieces.

Even in these *Doktor Faust's* music echoes on. Busoni's major works are invariably preceded by a host of smaller pieces which use the same material, refining or commenting on ideas that the composer would use again later. Of his *Five Goethe Songs*, the "Lied des Mephistopheles" found its way into the opera almost unchanged; and the other late songs, written at the end of Busoni's life, share the same mood of underlying menace, well put across here by the baritone Richard Suart.

Lighter moments of the opera surfaced elsewhere. The *Tanzwalzer* of 1920 found a place in the ballet sequence, but the original orchestral version is just as valid in its own way, a lively and potentially popular showpiece. It also reminds us that Busoni was a virtuoso at heart. His music, even for orchestra, needs a first-rate technique all round and the shaky ensemble of the London City Chamber Orchestra was a good way from meeting its demands.

The programme's high point of virtuosity — and the one where the performers fell most seriously short — was the *Indian Fantasy for Piano and Orchestra*, in which Thomas McIntosh doubled as both conductor and pianist. This piece is an altogether absurd concoction. Busoni throws together tribal songs of the North American Indians, vast Lisztian piano cadenzas and avant-garde harmonies, with little hope of bringing any logic or structural sense to the result at all.

In only one of the items did those qualities get a grip. This was the lovely and understated *Berceuse élégiaque*, a piece which draws upon the unsettling, dark mysticism which is such an essential feature of Busoni's style. Its harmonies wander into areas of disturbing modulations and bitonality, strange territory indeed for the players of 1910 — or even those of today. The only instrument here which seemed able to stay in tune was the piano.

FINANCIAL TIMES
BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY
Telegrams: Finantimo, London PS4. Telex: 8954871
Telephone: 01-248 8000
Thursday September 18 1986

Jaruzelski's bold gesture

FOR THE FIRST time since the end of the Solidarity era in late 1981, and probably a long while before that, Poland's jails are now empty of political prisoners except those convicted of spying and terrorism. General Jaruzelski's surprising move has won praise from the Polish Catholic Church, endorsement from the Kremlin, welcome from the EEC, and slightly bemused satisfaction from the Solidarity leaders themselves.

How long will the prison cells stay uninhabited? Given the cycle of arrest-amnesty-rearrest over the past five years, there must be scepticism that any new era of political amity has dawned in Poland.

But there is progress, or a kind of mathematical progression. General Jaruzelski has given three amnesties since he banned the Solidarity trade union. In 1983 he freed 557 out of the 640 political prisoners then sentenced or awaiting trial. In 1984 he released 633 out of a total 652. Over the past two months he has let go all political prisoners (around 330) not serving treason or terrorism sentences. The newly freed include even Mr Zbigniew Bujak, the Solidarity underground leader in Warsaw, caught in May after more than four years at the top of the Government "wanted" list.

The nature as well as the scope of the latest move seems to reflect the Government's growing self-confidence. Two months ago it talked of "good behaviour pledges" as the price of freedom. In practice no such pledges have been exacted. The Government is making a very good show of *indifference* as to whether or not its political opponents are any longer behind bars.

Soviet confidence

On the very day the amnesty was made total, the Polish police picked up no fewer than 3,000 suspected Solidarity supporters to give them a talking-to about their activities. The not-so-subliminal message was that they could regard the country as one big open prison, in the sense that nothing in it went unobserved.

Part of the key to General Jaruzelski's new self-confidence is Soviet confidence. This week Mr Mikhail Gorbachev reiterated the strong support for the general which he delivered in person to the Polish party congress in June.

Yet the only bridge the general has been offering over the political gulf in his divided society is an official advisory council. His apparent hope has been to attract onto this body, not the Walesas or Bujaks, but moderate opposition figures such as eminent Catholic laymen.

Now, in most other Soviet bloc countries, non-communist party members of independent stamp of mind would jump at the chance to get their name in the legal press, let alone to be consulted even in a perfunctory way by the authorities at a high level. But Poles, unlike Hungarians after 1956, are generally unwilling to accept liberalisation in doses from their communist rulers. They tasted freedom in 1980, with a signed government agreement on free trade unions, the right to strike and removal of censorship. Many Poles still want a proper bite at that freedom again.

Double standard

This is why some freed Solidarity leaders have this week been calling for the quite unrealistic re-legalisation of their union. For General Jaruzelski to concede this would be confession that martial law was wrong and unnecessary.

Just possibly, if the new amnesty kindles some degree of goodwill, the moderate opposition with Church backing, might enter a consultative framework with the Government. Such co-operation, however, needs a cooling off period. The Government "cat" has made clear it will pounce again on the opposition "mice" if they misbehave again. If promotion of Solidarity ideals constitutes misbehaviour, say people like Mr Bujak, so be it.

The degree of internal dialogue will determine Poland's relations with the West. These are now deservedly better. There has been some substance to the Polish Government's complain that the West operates a double standard, expecting a better political behaviour from Poland than its neighbours. This partly reflects the political strength of emigre and ethnic Poles in the West. But there is another reason. Warsaw should remember that in the 1980 Gdansk accords Poland set itself a higher standard.

Conscience of the SDP

AT THE close of the Social Democratic Party Conference in Harrogate yesterday Dr David Owen threw down a deliberate challenge to Britain's other political parties. "I predict," he said, "tax will be a major issue at the next general election and I relish the prospect."

Dr Owen was not talking about raising taxes or cutting them, but about the reform of the whole tax and benefits system and the alleviation of poverty. In short, he was appealing to the British social conscience. It certainly worked with the SDP.

It had not been an especially successful conference until then. There were too many uncertainties about defence policy and whether a joint approach to the future of British nuclear weapons could be agreed with the Liberals, who hold their own conference next week. There was some sniping at Dr Owen's style of leadership and his unwillingness to make concessions, not only to the Liberal partners in the Alliance but also to some of his own supporters. The debate on civil nuclear power was a tame affair with the SDP sounding embarrassed by the whole subject. The conference voted to retain existing nuclear power stations, but against commissioning any more for the indefinite future. Even the run-up to the tax and benefit debate had been marred by accident. When the draft proposals were published last month, the SDP allowed the impression to get around that anyone earning more than £10,000 a year would be worse off if they were implemented. Mr Norman Tebbit, the Conservative Party chairman, was quick to exploit it.

Too Complicated

Signs of a change came on Monday afternoon when the conference debated the tax and benefits document. One after another, members rose from the floor to defend the principles behind the proposals. These are essentially three. The present system of tax and benefits is too complicated and can be simplified. It bears too heavily on the poor. For the sake of the alleviation of poverty as well as simplification, the better off must be ready to make some sacrifice. Self-confidence returned to the SDP as a result of that debate. Social Democrats again saw themselves as a reforming left of centre party, which was their original purpose.

Dr Owen took up yesterday where the *debate left off*. A very large part of his speech was devoted to the subject. The existing system, he said, was "unfair," inefficient and incomprehensible." What is more, he promised to reform it by merging tax and benefits without raising taxes. Even if the present Government cuts the basic rate of income tax from 29p to 25p, he claimed that the restructuring would go ahead without tax being raised again.

It was a speech more about principles than about numbers, although, far from anyone earning over £10,000 a year being worse off as a result of the reforms, Dr Owen said that at least two out of three standard rate taxpayers would be better off. The other statistic on which he dwelt was the rise in poverty. According to the Government's figures, the number living on or just below the poverty line increased from 11.5m in 1979 to 16.3m in 1984—about one quarter of the population. That was the appeal to the social conscience.

Fiscal neutrality

To some extent the country has been on the brink of major tax reform before. Mr Edward Heath talked about a move to negative income tax or tax credits when he was Prime Minister in the early 1970s, but computerisation at the Inland Revenue was insufficiently advanced to effect it. Mr Norman Fowler, the present Secretary of State for Health and Social Security, undertook an enormous review with the aim of simplifying the benefits system, but was unable to get as far as he would have liked. The Labour Party wants to deal with low pay by introducing a statutory minimum wage, a policy likely to have adverse effects on the economy as a whole and unlikely to help the poor who are out of work.

Dr Owen is offering simplification and alleviation of poverty on a basis of fiscal neutrality and with the benefits of computerisation of tax in the not too distant *future. He has stuck his neck* out. If his calculations are wrong, he would be in trouble. Meanwhile, however, the challenge lies with the other parties to do some arithmetic.

US AIRLINES

The giants in command—again

By Anatole Kaletsky in New York

ONE OF the great romantic episodes in US business history came to an end this week as Mr Donald Burr, the idealistic founder of People Express Airlines, was forced to bow before the unforgiving pressures of the market.

Monday's announcement that Mr Burr was selling his "humanistic" airline to Mr Frank Lorenzo, the shrewd and ruthless chairman of Texas Air Corporation, came as a bitter disappointment not only to the airline's 3,500 "owner-managers" — or employees — but also to the millions of passengers and well-wishers, from management theorists to politicians of all colours who came to share what Mr Burr still calls his "beautiful vision" of a popular capitalism.

The takeover also puts the final piece into the jigsaw of the rapidly consolidating US airline industry. Unless the US Transportation Department stops the merger—or the even more ambitious $600m takeover of Eastern Airlines which Texas Air Corporation announced in February — there will be just six companies left by next year in control of 70 per cent of US passenger air traffic.

Yet despite the obvious competitive worries, most experts give Mr Lorenzo a decent chance of winning the necessary approvals and ending up in control of the biggest airline in the non-communist world. Even Mr Alfred Kahn, the man who masterminded airline deregulation in 1978 when he was head of the Civil Aeronautics Board, admits: "I guess I want the merger to go through — there simply isn't an alternative." If the merger were stopped, he points out, all three of the proposed partners would probably collapse or be absorbed by other even bigger airlines.

How has the US airline industry come to such a pass? And does the demise of People Express bring to an end the exuberant period of cheap air travel and aggressive airline competition which came to be symbolised by the companies which Mr Burr and Mr Lorenzo *created?*

To see the two men side by side describing their proposed merger is to have these questions chrystalised in human form. They started out as friends and partners in the pioneering days when Mr Lorenzo's Texas International was the first significant airline to try to compete with discount *fares* in the days before deregulation. But the two gradually came to be seen as archetypal business adversaries after 1980, when Mr Lorenzo rejected the idea of a no-frills airline charging fares which would "let people fly for the price of a bus ticket," and Mr Burr left Texas Air to establish People Express.

For Mr Burr, low fares, deregulation and employee share ownership were a crusade, or at least an idealistic social mission. He used to say that his primary object was not to make money but "to make a better world." He wanted to open up the skies to millions of people whose previous experience of travel was not on luxurious full-service airlines but on Greyhound buses.

To do this he invented a new co-operative style of non-hierarchical management in which employees were low paid, but were given the status of "managers" and became significant shareholders in their company.

Today Mr Burr talks of the sale of his airline as of the ending of a deep love affair. What he regrets most about this "bitter-sweet moment" is not the knock-down price of $125m that Texas Air is paying—only three months ago Mr Lorenzo had offered to pay $236m for People Express. It is the grateful fan mail from People's devoted passengers that he will miss most once the airline ceases to operate as an independent entity in about a year's time. Some of his customers got married only because People Express brought them together from opposite sides of the country at prices they could afford, he says with a sentimentality which is completely unforced.

For Mr Lorenzo, by contrast, there seems to be nothing sentimental about managing an airline. Ever since he took over Texas International in the early 1970s and helped to usher in the era of deregulation with his aggressive applications to the Civil Aeronautics Board for lower prices, Mr Lorenzo's primary aim was growth and profitability, not "making a better world." Mr Lorenzo saw that he could grow by offering conventional full-service air travel to businessmen as well as tourists, but doing so at a fraction of the price of larger airlines.

His method was to slash costs to the bone by moving more ruthlessly and skilfully against the airline unions than any previous manager had dreamt of doing in the cosy era of regulation. When he deliberately put his Continental Airlines subsidiary into bankruptcy in 1983, in order to break his union contracts, Mr Lorenzo opened a new and acrimonious chapter in US labour relations.

The unions tried to identify him as an unprincipled financial schemer and were partially successful. The image of his airlines suffered for a while and Congress passed legislation making it harder for companies to use bankruptcy as a smoke-screen for the abrogation of labour contracts. But it rapidly became clear that the public's penchant for cheaper air fares was far stronger than its sympathy with highly-paid pilots or even moderately-paid flight attendants. Continental's unions were disbanded and an era of huge pay cuts and union "givebacks" throughout the airline industry was ushered in.

It is tempting to conclude that in the simple contrast between Mr Lorenzo's toughness and Mr Burr's idealism lies the key to People's failure and Texas Air's success.

People's loose management structure may certainly have contributed to the unprofitable helter-skelter nature of its expansion. Mr Burr's ambitions to extend the People Express philosophy across the country did seem to get the better of his commercial judgment, particularly in his disastrous decision last November to buy the loss-making Frontier Airlines. And his commitment to serving rock-bottom low fare travellers may well have blinded him to the dangers of the inadequate quality of service, the heavy overbooking and the long delays which earned his airline the nickname of "People's Distress" even among its users and admirers.

In reality, however, People's demise may have had more to do with the rigidity of Mr Burr's low-cost philosophy, than with any uncertainty in its application. Ultimately People's problems stemmed from the very forces of deregulation and cost reduction which enabled both Mr Burr and Mr Lorenzo to build up their pioneering airlines in the first place. Six months ago many financial analysts were giving Texas Air less than an even chance of seeing out the year and it was by no means clear that Mr Lorenzo's future was much more secure than Mr Burr's.

For in the period that followed Continental's victory over the unions, both management and unions at the major US airlines were gradually forced to accept that extremely low-cost competition would come not only from the oddly-managed and quixotic operations like People Express—which was described in its heyday as "more a cult than an airline"—but also from conventionally-run full-service airlines like Continental.

Mr Lorenzo's was a form of competition that the established carriers could not afford to write off as a sociological curiosity.

One after another, the traditional airlines and their unions felt forced to narrow their cost disadvantages, mainly by implementing two-tier employment structures in which new workers are paid much less than established ones.

The large airlines have found other ways of turning their size to good account. They have done deals with small commuter airlines to feed passengers from outlying towns and cities into their major hubs. They have created frequent flier programmes which give business travellers strong personal inducements to stick to one airline on all their trips.

Once the two-tier scales were established, these were the factors that enabled the large established carriers to fight back savagely against the new competitors whenever they threatened their important markets. And it is these economies of scale and barriers to entry which have been largely responsible, according to Mr Alfred Kahn, among others, for the inevitable drift towards a tight, though still competitive, oligopoly which has taken place in the airline industry this year.

People Express seemed destined to become an early victim of this consolidation as soon as it decided to expand its franchise beyond its original home territory in the north-east US. By extending its services in the summer of 1984 from Newark to places like Los Angeles, Chicago, Denver and Atlanta, People threw down a gauntlet which the industry giants, led by American, eagerly took up.

The major airlines' geographic spread gave them the opportunity to cross-subsidise extremely cheap fares on the services where People was competing with much higher fares *on less competitive routes.*

Even more important, the retention of large numbers of full-fare business customers enabled the established airlines to undercut People on a limited number of restricted-fare seats in each aircraft, while earning far more than the cut-price airline on its average fares.

These factors go a long way to explain the pressure felt by Mr Burr to expand his airline's geographic reach through the disastrous purchase of Frontier Airways despite the obvious financial risks, as well as his embarrassingly unsuccessful bid to lure business travellers on to People this April.

But Mr Lorenzo's Texas Air was subject to very similar pressures — and the contrast between the two companies is telling.

In the end, Mr Burr failed, not only because he made a blunder in buying Frontier, but also because his company's management style was too unusual to be blended with another airline's — unlike Mr Lorenzo he had not learnt the trick of axeing jobs and squeezing costs in an established unionised airline. Even more significant, his no-frills philosophy was too intertwined with the People Express image to be abandoned at the eleventh hour.

Yet when all is said and done it remains uncertain whether there was anything that a small low-cost airline like People Express or, for that matter, Texas Air could do to preserve itself for long as an independent entity in the deregulated US aviation industry.

Texas Air appears to have survived, but only through a borrowing and acquisition spree which will leave it, after all mergers are complete, with nearly $5bn of debts and lease obligations supported by less than $500m of equity.

If Texas Air prospers from now on it will be by virtue of its dominant position in vital transport hubs like New York, Atlanta, Houston, and Denver. It remains to be seen whether Mr Lorenzo uses his market power to intensify competition, as he now promises, or to push for higher profit margins and solidify his balance-sheet, as Texas Air's shareholders and creditors will doubtless expect.

In either case, he will have little to fear from a new generation of small upstart airlines—from now on the US airline industry is a battleground for established giants not a breeding ground for entrepreneurial gnats.

US OPERATING PROFITS & FARES

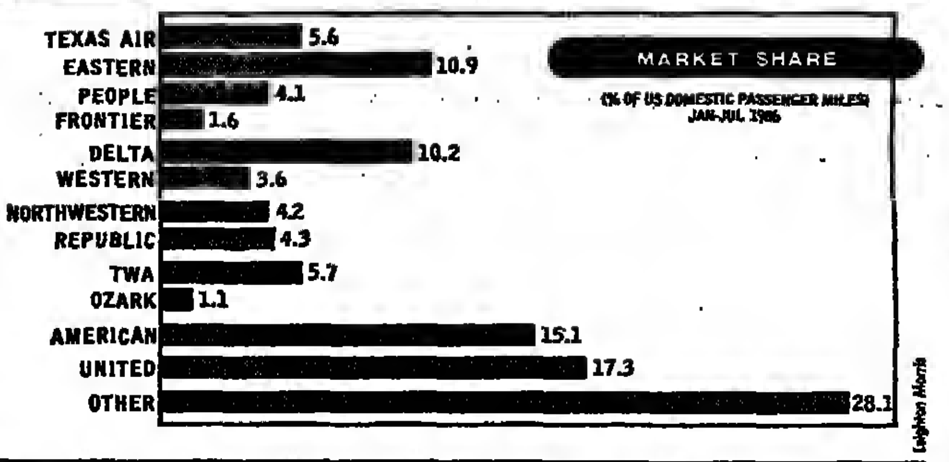
	Profits $m	Change in fares % Change in revenue per passenger mile
1975	128	4.1
76	722	5.0
77	908	5.6
78	1365	−1.4
79	199	5.4
80	−222	26.6
81	−455	11.8
82	−733	−4.1
83	310	−1.7
84	2152	4.7
85	1475	−5.1

Source: Goldman Sachs

NET INCOME $m

	Texas Air	People Express
1981	−47.2	−9.2
82	−48.9	1.0
83	−177.9	10.4
84	50.3	−3.7
85	91.0	−39.0
86 First Half	−51.3	−132.5

Source: Company Reports



Profit figures in first column refer to domestic and international operations

Bourse bans visitors

The Paris Bourse has decided to suspend, for an indefinite period, visits to the main French stock exchange gripped, like everybody else in France, by the current wave of terrorist bomb scares in the capital.

Tourists have been able, up to now, to watch the boisterous barrow-boy activities on the stock market floor from a glass-covered gallery in the Palais de la Bourse dominating the "corbeille" or the hub of trading operations.

The decision to deprive visitors of one of the most entertaining sights in Paris—especially in recent months when spirits were soaring on higher prices—follows a series of bomb alerts at the Bourse. There were two alerts last week, one on Friday just as a bomb actually exploded in a supermarket cafeteria in the business district of Paris.

To alert stock exchange members, warnings have been scribbled in chalk (like security prices) on the big board. Despite the deregulation and modernisation of financial markets in France, the Bourse still relies on the old information system.

Baker's shuffle

The wily and conservative US Treasury Secretary, James Baker, is not somebody who would normally be expected to join in a "rap" session in the rhyming cadences of Chicago's South Side. But when Baker appeared at a tax reform rally on *Capitol Hill* he regaled the assembled congressmen and reporters with his "Tax Reform Shuffle"—a take-off of the Chicago Bears' "Super Bowl Shuffle."

"They said tax reform was dead
—But now it's alive,
Here's the story it began in '85," Baker intoned before turning to the subject of Ways and Means committee chairman, Dan Rostenkowski, and the hordes of lobbyists opposing abolition of their tax breaks.

"Rosty started hearings before the fall,
They were Gucci to Gucci out in the hall.
December came, reform was off track.
So to the hill rode the Gipper to bring it back."

Baker, to his credit, decided not to pull the politician's usual trick and claim credit for an achievement in which he had only a passing hand. The bard at the Treasury is speechwriter, James Barnes. Baker was just reading the lines.

Men and Matters

Morgan moves

Dr Janet Morgan, editor of the Crossman Diaries, biographer of Agatha Christie, and former "Think Tank" member, is on *the move from the BBC* where she was special adviser to director general Alasdair Milne.

She is going commercial, joining the Granada Group where she will be advising board members on the future direction of the company, now expanding fast in computer services and leading a consortium applying for Britain's direct broadcasting by satellite franchise. She will be looking, in particular, at the recruitment and training of senior executives.

Morgan, 40, is not quitting the BBC because she has had too much of licence fee campaigns or the Peacock Report. "I came for two years and stayed four. I like to be a candid friend for a time and then move on," she says.

As well as advising Granada, she intends to press ahead, too, with her authorised biography of Lady Edwina Mountbatten

"Well considering this is a health spa—we don't seem to have cured very much"

Paper chase

Whatever TSB's share offering does for the punters, it produced a bonanza for City of London printers Burrup Mathieson, part of the Extel group.

Burrups used 700 tonnes of paper to roll off millions of full and mini-prospectuses in a 96-hour print operation, the biggest City print order ever undertaken in so short a time, the company claims.

Production began last Thursday and lasted until Monday, followed by a concentrated delivery programme to rush supplies to the TSB's 1,580 branches and 1,872 branches of Lloyds Bank, who are also issuing prospectuses.

Three million copies of the prospectus were mailed to people who had registered their interest with TSB.

The three critical printing days involved 64 senior Burrups people working round the clock with 28 factories involved in printing and mailing.

With strings

The Medici String Quartet plans to hold an "auction" of Beethoven string quartets next month. It is not a distress sale—just that they want to play the complete cycle of 17 quartets and are looking for £45,000 in City or industrial sponsorship to learn the entire cycle.

Paul Robertson, leader and first violin, has attached a rough price tag—£1,500 for the "easy" early quartets, rising to £3,500 for the tricky later ones.

The auction is to be held in the foyer of the Queen Elizabeth Hall on October 7 and the complete cycle will be given in London in about two years time.

Robertson, who thought of the money-raising idea, says it is entirely appropriate that a quartet named after the Medicis should be involved in sponsorship. And Beethoven needed a little patronage to get the quartets written in the first place.

Far fetched

A Texas rancher, searching for his ancestral roots, found himself talking to an Irish farmer in a remote part of the country, and asked if he might look over the farm.

As they stood in the farmyard, the Irishman pointed out the salient features — the southern field bounded by a road 100 yards away; the eastern boundary marked by a broken down tractor; the western by a ruined cottage.

Amused by the scale of the holding, the Texan commented: "Y'know, I can in mah car ot six ayem, drive all morning, all afternoon — and by the evening ah've still not come to the edge of mah spread . . . "

The Irishman fixed him with a sympathetic gaze. "Sure an'all sor," he declared, "oi know the feeling. I once had a car like that."

Observer

Economic Viewpoint

When even good news causes jitters

By Samuel Brittan

GLOOM ABOUT another world recession has suddenly become unfashionable. But it has been replaced by jitters about almost everything else. Central bankers worry about the rise in consumer and business debt ratios. The stock markets worry that concerted interest rate cuts are now less likely and certainly less imminent. Unreconstructed monetarists worry that, in their endeavours to avoid recession, the world's central bankers may have relaxed too much on the monetary front and sown the seeds for world inflation. Almost inevitably we have had rumours and denials that a major US bank is in trouble.

The very rapidity of the earlier rise in stock prices led to fears of inevitable nemesis. In the 12 months up to last week's setback, Wall Street equities rose by over 40 per cent. But that was chickenfeed compared with the 150 per cent rise sustained by equities in Spain, 106 per cent in Italy, 86 per cent in France and 75 per cent in Sweden.

Jerky movements are in the nature of financial markets; and there are nearly always setbacks after periods of prolonged rise. One unavoidable disadvantage of media coverage is that a 7 per cent fall in the Dow Jones in two days engenders much *more* attention than a larger move over two months.

But while disdaining all attempts at prophecy, there is very little evidence that the major *stock markets* have been overvalued in any absolute sense. The adjoining chart, originally prepared by the Harris Bank, shows that US equity profits have been rising faster than share prices, whether the comparison is the last five or the last 20 years. In the UK, the FT Actuaries All-Share Index has remained below its 1972 peak on an inflation-adjusted basis.

One big change in financial sentiment has been occasioned by a modest, but definite, turnround in *commodity prices*. The Economist general commodity index showed a 3 per cent rise and a 6 per cent rise in the metals sector in the month to September 9. The rise was very similar in dollar, sterling and SDR terms alike.

This has led to a big change of tune on the part of those New York analysts, who based their fears about world "deflation" on commodity price behaviour. Whatever Keynes may have said of the "barbarous relic," the 20 per cent *rise in the dollar price of gold* since June has affected sentiment. The gold price is obviously distorted by South African developments, but its message has been confirmed by movements in oil and other key commodities.

For instance, Larry Kudlow of Bear Stearns, who was one of the biggest alarm sounders for commodity-based deflation, has now switched off the red light. Instead he talks of 3 to 4 per cent US real growth by the fourth quarter, and says that "no further discount rate cuts by the Fed will be necessary."

There are many snags about using key product price movements as a guide to world inflationary trends. Products priced on commodity markets represent a small fraction of economic activity, especially in the developed countries. Not only do they exaggerate the swings in overall inflation rates. They are also subject to medium and long term trends of their own.

At the opposite extreme are the GNP deflators which emerge from the national income statistics. Their big disadvantage is that they emerge after many months' delay and cannot be used as spot indicators. But they are still the best guide to domestically generated inflation in the industrial countries and are much less distorted by once-for-all import price movements or mortgage rate changes than the usually cited "cost of living" indices.

Reasonable estimates of GDP deflators do not show falling prices even in Japan and West Germany. But they do show underlying inflation at little *more than 1 per cent in Japan* and 2 per cent in Germany and probably heading lower still.

If the US Administration had simply asked such countries to *maintain the growth of nominal* GNP—so that the headroom provided by falling inflation could have a chance of being used to boost real growth—it would have had a case. For the worst that could happen, is that basic inflation in these countries would stay at the already low level of the mid-1980s. Couching demand objectives in nominal terms would provide an automatic fail-safe device to prevent an inflationary take-off.

Unfortunately, the US Treasury and Fed — and even more their Congressional cheerleaders — have muffed their case by reverting to the language of old-fashioned demand management and the 1978 Bonn Summit, which assumed that financial stimulation works directly on output and employment. They have even given the impression that other countries must increase their budget deficits to offset a reduction in the US deficit which has not even *happened*.

Back in the US, the reaction to the last Fed discount rate cut — a rise in long-term yields —suggests that further attempts to reduce US interest rates would merely stoke up inflationary fears. With the much-trumpeted announcement of a 3.3 per cent rise in German second quarter real GDP over the corresponding period a year ago, the pressure on Germany to ease monetary and fiscal policy is also becoming less acute.

Perhaps the function of flagging stock markets is like the volcanic tremblings of Mount Etna — to prevent cheerfulness from breaking in. The more serious barriers to cheerfulness are European unemployment, which has continued to deteriorate in Britain, France and Spain and the apparently ever-widening US trade and current deficits.

Perhaps the function of flagging stock markets is like the volcanic tremblings of Mount Etna —to prevent cheerfulness from breaking in

UK unemployment at least is intimately linked with excessive *pay rises. The unholy* alliance of Patrick Minford and Paul Ormerod in favour *of laissez faire in this area* only reinforces the diagnosis. The Chancellor is not wrong to preach on the subject, but he is wrong just to preach — however many words of his own and the Prime Minister's (and my own) might have to be eaten as *a result of* effective action.

There are some puzzling features about the rising US trade deficit. For it has not prevented Japanese industry from reeling under the body blow of the strong yen.

It may then be that the widening of the US trade deficit is an example of the normal lag in adjustment to exchange rate depreciation, which always lasts longer than expected and always tries the patience of the devaluing country.

But there *is* probably more to US grumbling than the normal J-curve effects, which cause the recorded trade deficit to be initially worsened after depreciation. The root problem is a shift in the pattern of comparative advantage — that is the composition of US exports and imports in a hypothetical free trade regime — away from traditional US products on overseas and domestic markets. The US protectionist lobby is very similar in inspiration to those in Britain who bemoan the relative decline in UK manu*facturing for* very *similar* reasons and call for Government subsidies. (Sorry, I meant to say "industrial strategy.")

US trade adjustment problems are, however, aggravated by three influences, one external, one internal, and the other hybrid.

The purely external aggravation is agricultural subsidies, such as those of the CAP, which destroy US exports which would be perfectly profitable under free trade. The only consolation I can offer is that the CAP is as much an imposition on the European consumers as on the US producer.

The mixed internal-external aggravation is the sluggishness of US exports to traditional Latin American markets. The only way of enabling Latin-American imports from the US to rise faster than exports would be to make much more "new money" available in lending from the US private or public sector.

Is this a good idea? It is somewhat absurd to say that the US or any other country is better off by lending on non-commercial terms money to other countries to buy its own goods. Such loans may make sense for geopolitical reasons. Moreover, if concessions have to be made to US special interests, such as loans are a lesser evil than many alternatives.

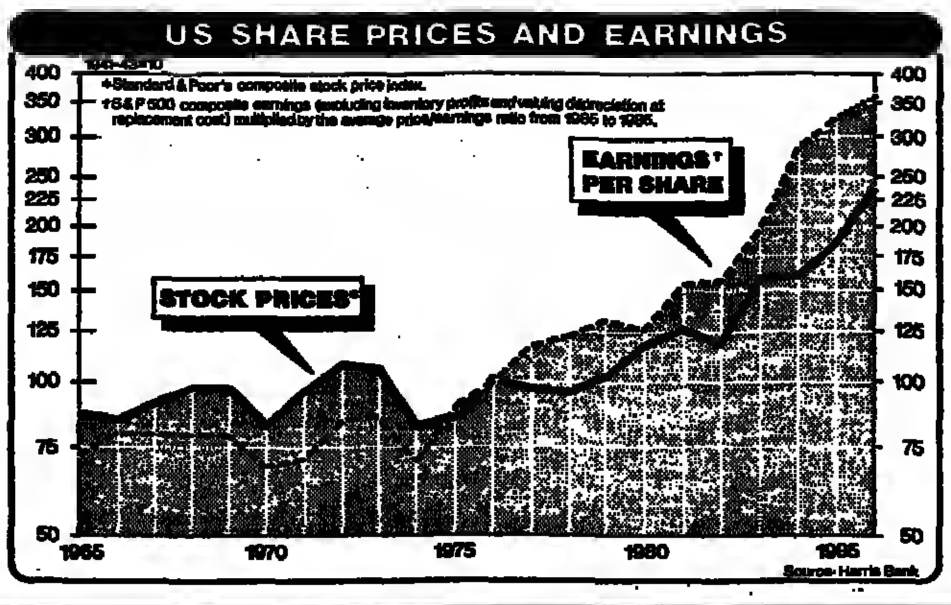
But the third and most important aggravation of the problem is the structural gap between US savings and domestic investment, which *is* aggravated by the budget deficit. Congress is due to consider how to reduce expenditure by $9.4bn to bring the estimated 1987 deficit down to the $154bn required under the Gramm-Rudman Act. But even if Con*gress orders the politically* difficult "sequestrations" there is still every likelihood that the actual deficit figures will turn out much higher than expected, as they have done in 1986, when a deficit of over $230bn is expected.

Whether the US wishes to continue to supplement its domestic savings from abroad is an internal American matter. David Hale of Kemper makes a good case why the US as a country with a relatively young and growing population should remain a capital importer for the foreseeable future.

Again, the wisdom of this course is America's business. What not even James Baker can do is to suspend the laws of double entry book-keeping under which an overseas capital inflow is associated with a current payments deficit of equal and opposite sign. The US can *maintain* the inflow and deficit. Or if the pain this imposes on exporters is too great, it can deal effectively with the budget deficit or try to boost savings, in some other way.

What the Administration cannot responsibly do is to continue a high deficit-low savings policy and then expect the rest of the world to *bail it out* by indulging in higher budget deficits of their own and printing more money. If other countries were to oblige, the result would be to bid up world real interest rates to a level which would make present rates look like cheap money. A case can, just about, be made that German and Japanese demand management *is* too *cautious*. But this case has almost nothing to do with US trade anxieties.

US SHARE PRICES AND EARNINGS



Source: Harris Bank

Lombard

Why markets are volatile

By Alexander Nicoll

IF THE price of IBM stock soon rises back to last Wednesday's close of $144¼, the small investor panicked into selling on the way down to Friday's close of $137½ will have reason to be aggrieved. So will anyone who bought on that Wednesday unaware that a bargain basement sale was about to begin.

Such violent short-term fluctuations suggest inefficiency somewhere. This is particularly so since all but the shortest measures show the US stock market to be no more volatile than in the past. If the market is still acting as a proper barometer of investment confidence over the longer term, why should it display such great apparent dislocations day to day?

The flip explanation for big short-term swings has become programme trading. It conjures up visions of computers taking over the markets, continuing to issue sell orders oblivious of human mayhem around them. Most people using the phrase are probably a little hazy on what they mean. But they are generally referring to arbitrage between the stock market and stock index futures or options.

Arbitrageurs take advantage of price discrepancies between different markets for the same things. If stock index futures prices are at a premium to the index, they sell the futures and buy the component stocks of the index. When the price gap narrows—as it must when the futures contract expires—they reverse the trade. Usually, a computer spots the discrepancy and issues trading orders for perhaps 500 different stocks. It also works out whether it would be more profitable just to leave the money in Treasury bills instead.

The common argument is that these huge arbitrage strategies are responsible for the violent price swings. It appears flawed.

Arbitrage is supposed to make markets more efficient rather than less. It naturally tends to iron out discrepancies between prices. It also adds to the pool of money in a market, thereby making the market more liquid and therefore presumably more efficient in setting prices.

The exception is on the infamous quarterly triple-witching days, when—as will occur tomorrow—stock index futures and options contracts expire. Then, arbitrageurs who are long of stock unload their holdings to lock in their profit. It matters not to them at what price they sell, but merely that they trade at the closing share prices which will then make up the settlement price for the index contract. Hence the flood of "market-on-close" orders which the Securities and Exchange Commission is seeking better ways to handle.

On other days, however, the explanation for big short-term fluctuations should be sought elsewhere. It is certainly linked to the technology which permits massive programme traders, in the broader sense of any simultaneous computer-aided purchase or sale of a basket of stocks. But on the face of it, there is no reason why a computer-generated order is more to be feared than a human one. If anything, a computer would be more rational. For every order, someone — man or machine — must take the other side of the trade.

What computers do is create the potential for huge volume. Since they are not going to go away, stock exchanges should examine whether trading methods are adequate to handle it.

It is not enough to breathe a sigh of relief that a once unthinkable 240m shares can be processed through the New York Stock Exchange's systems in one day. If investors did not get a *fair* price, then the exchange has not performed adequately.

US stock exchanges should consider whether the specialist system, in which the book of unfilled orders in each stock rests with an individual, can cope. It may not be enough to surround the specialist with Star Wars technology on the floor if the very function he is trying to perform — ensuring that an orderly market exists in which investors can always get orders filled — is outmoded when markets are so liquid. Prices may be over-reacting to huge orders because people making prices are not sufficiently equipped to stand up to them. Competing market-makers, and more automated execution, may be among the solutions.

Letters to the Editor

Profligacy at the BBC

From the managing director, Radio Wyvern.

Sir,—On September 10 you carried a report by Raymond Snoddy entitled "BBC Radio expansion at an end." I very much regret that this *is* not so in that the corporation still has designs to open seven new county stations.

In Worcester the BBC recently purchased premises and is setting up studios which will cost well over £1m, thus adding to the £23m the BBC spends annually on its largely unlistened-to local stations.

Radio Wyvern has served Hereford and Worcester well for four years now and has won praise from local and county authorities, the police, hospitals and several charities, all substantiated by excellent audience figures. Mr Giles Shaw, who at the Home Office showed great concern at the financial difficulties of independent radio, quoted Radio Wyvern as showing "an admirable commitment to community service."

When there is absolutely no demand for these stations, why does the BBC persist in profligacy at the public purse?

Norman Bilton.
5-6 Barbourne Terrace, Worcester.

Taxing statutes and roll-up funds

From Mr I. K. Young

Sir,—Several of your correspondents have recently pointed to the great complexity of this year's Finance Act and considered ways in which to solve the problem in future. Many readers who are unconcerned by the technical *detail* of the statutory provisions will soon find themselves adversely affected by one of this year's amendments which was *supposed* to eradicate an inequity caused by provisions introduced several years ago.

In the late 1970s the Revenue became increasingly concerned by the amounts of money invested by UK residents in offshore roll-up *funds* which "rolled up" their investment income; investors had no running return but on disposal were liable only to capital gains tax. In 1984 complex rules were introduced which treated the eventual gain on disposal as liable to income rather than capital gains tax unless throughout the period of ownership the fund had distributed at least 85 per cent of its income.

Unfortunately, as a result of various other conditions, the two large Dutch managed funds Robeco and Rolinco, which have a considerable number of UK investors, found they failed the statutory tests even though they distributed sufficient of their income. Strenuous representations were made to the Revenue but this year's changes give such funds only the advantageous distributor status for the future. Any investor between 1984 and 1986 who sells his investments in the future will be charged income tax on the gain despite already having been liable to income tax on the intervening distributions.

Such harsh treatment will cause *more* taxpayers to *doubt* the validity of a system which is so palpably unfair. It is now too late to introduce changes before next year, but perhaps the Revenue will recognise that the present amendment does not go far enough and announce that by concession it will treat all investors in Robeco and Rolinco who sell their investments as liable to capital gains and not income tax and introduce the necessary legislation next year.

At a time when the Labour Party *is announcing plans* to increase the number of inspectors to police the system more efficiently, it is to be hoped that this small change can be made to avoid unnecessarily setting a number of taxpayers against the system.

I. K. Young,
Dearden Farrow,
1 Serjeants' Inn, EC4

SDP proposal is discriminatory

From the chairman, Campaign for Equal State Pension Ages

Sir,—If the SDP proposal is to integrate tax and National Insurance contributions before equalising state pension ages, the tax system will be made sex-discriminatory for those aged between 59 and 65. This would be contrary to all con*cepts of justice and* equity, including those enshrined in the UN International Covenant and the European Convention.

Is that really what the SDP (and the Liberal Party) intend?

David Lindsay.
36, Orchard Coombe, Whitchurch Hill, Reading.

Advertising a computer

From Mr H. G. Shaw

Sir,—David Robertson's letter (September 11) complaining of Dixon's advertising of the Amstrad PC1512 must disappoint all intelligent users of computers. Anyone who does not know the meaning of 512K surely should not be buying a computer, and as for stating other items are included and not charged as extras, this is most certainly relevant in advertising a product. Presumably Mr Robertson is aware that we still pay extra for car delivery and number plates in spite of the age of our motor industry!

Congratulations to Dixons for stating what it is offering and what the buyer gets for his money. Advertising material which says I shall make higher profits, improve my business or increase my efficiency, but does not tell me what I am actually buying simply adds volume to the trash can.

Harry Shaw.
2, Cambridge Terrace, Douglas, Isle of Man

Pension fund investment

From Mr D. Blair

Sir,—Lex (September 5) was absolutely correct to stress the importance of the asset allocation decision in achieving a satisfactory pension fund investment performance. However, Lex was less accurate in implying that it is only when appointing specialist managers that there is a need for "someone at the top directing the cashflow to the right markets." The past conventional wisdom in the UK has been to appoint balanced, rather than specialist, managers.

If asset allocation guidelines are imposed, then there is an exact parallel with the position when specialist managers are in place. In that situation, therefore, QED.

However, what if wide discretion over asset allocation *is* delegated to the balanced managers? To the extent that poor performance results from asset allocation decisions, that is as much the responsibility of those who made the appointment in the first place, as if they had made those decisions themselves. Why should that be? After all, you may say, delegation has taken place. That is true, but it can be shown that over time a group of balanced managers are likely *at best* to behave collectively no differently from the market and, in practice, somewhat worse, because of higher dealing activity and higher costs than necessary. Because such a result is predictable, to appoint a group of balanced managers is tantamount to attempting to walk away from responsibility for the consequences that are likely to flow from such a decision.

What alternative solution do I advocate? Today, there are several powerful tools that exist or are in course of development to aid the asset allocation process. Whether balanced or specialist managers are to be appointed, trustees need have no fears. There is no need to shy away from retaining control over what is by far the single most important responsibility that they have.

Dennis Blair.
1, Pembroke Road, Moor Park, Northwood, Middlesex.

Voting rights of residents abroad

From Mr I. Harris

Sir,—I am sure that your readers will be surprised to discover (if they have not already) that the British Government has specifically excluded a large number of British citizens (who have the right of abode in the UK) not only from voting in UK parliamentary elections, but also from voting in EEC parliamentary elections even when they are residing in another EEC country (where as British citizens no provision will be made for them either). The Representation of the People Act 1985 disenfranchises British citizens if they have resided outside the UK for five years or more.

With regard to the European elections in particular, the British Government appears to be alone among those of the European Community (with the possible exception of Ireland) in disregarding such a large group of its own citizens in this way. Moreover, despite many inquiries and protests, nobody in official circles appears interested in rectifying what seems to have been a simple oversight in drafting the legislation on EEC elections.

The number of British citizens affected may run to thousands, and a basic principle of democracy has been flouted as a result of bureaucratic apathy (if not incompetence) at Westminster and Whitehall.

Ian Campbell Harris,
Seedorffs Vaenge, Frederiksberg, Denmark.

Impeccable timing

From Mr J. Muellbauer

Sir,—Although Samuel Brittan may be surprised, I agree with essentially all of his excellent Economic Viewpoint (September 4) and also with John Williamson (August 26). My comments (August 13) about getting the rest of the depreciation against the DM out of the way now and signalling the new target rate of sterling are entirely consistent with theirs.

If the implication of recent US economic statistics is that the dollar will not decline further in the short term and may even have a bounce, then the timing of his advice to focus on the DM rate is impeccable. As he says, the DM rate is much more important for our trade.

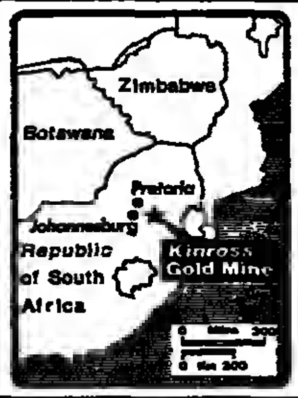
John Muellbauer.
Nuffield College, Oxford.

FINANCIAL TIMES

Thursday September 18 1986

A sorry tale of death and deception

Jim Jones, a former mining engineer, recalls his time at a South African 'tombstone on the hill' where safety standards were severely lacking



TWENTY YEARS AGO, shortly after I arrived in South Africa to work as a mining engineer, a young white trainee miner was killed in my section of the Western Areas (WA) gold mine. No one was to blame for his death but himself. He had been walking on the wrong side of a tunnel and was crushed against the wall by a slow-moving ore train.

No one was to blame for his death, but the mine regularly economised by keeping miners short of stores and equipment, and there were no safety signs in the place where the young man was crushed. That changed fast. Within hours, and well before the official accident inspectors arrived on the scene, special teams of mine officials were on the spot installing adequate lighting, putting up safety signs, carefully re-whitewashing the walls around the bloodstains and making sure that everyone knew what to tell the inspectors.

I was not asked to attend the inquest even though I was technically responsible for the accident, but the investigators found that no one was to blame for the death. In those days, that mine had one of the worst casualty records in the industry. With a macabre sense of humour employees referred to its prominent concrete headgear as "the tombstone on the hill."

I have no first-hand evidence that cover-ups still take place and mine managers will never admit that they do. They would lose their jobs if they were found breaking the law. But secrecy is probably less frequent since 1983 when the fledgling National Union of Mineworkers insisted on being present at a full-scale and open inquiry into the Hlobane explosion.

Twenty years ago the gold price was $35 an ounce and the mines were poor. These days the mines are much wealthier and can afford to spend adequately on safety and other equipment. Nevertheless, the 250,000-strong all-black NUM is particularly perturbed that there has been no discernible reduction in the rate of underground gold mine accidents in 40 years and that the death rate is regularly far higher for black miners than for white.

South Africa's tallying of its mining accident rate differs from that used in the rest of the world, and the fact that some of its gold mines probe more than two miles into the earth helps to explain why accidents are more frequent than, for example, in the comparatively shallow workings of British collieries.

In South Africa an accident only becomes "reportable," and is thus noted in the statistics, if it prevents a man from returning to work within 14 days. In the US an accident is reportable if it prevents the man reporting for the very next shift, while in Britain reportable accidents are those which prevent him from working for more than three days.

The effect of this is that accidents appearing in South African statistics are far more severe than those reported in Britain or the US.

According to an NUM report payment of safety bonuses based on numbers of reportable accidents encourages white supervisors to get men back to work within the 14-day period.

Ironically, perhaps, South Africa's two previous worst mine disasters were in shallow collieries. In 1960 437 men died when a large area of the Coalbrook colliery collapsed, and in 1983 68 men were killed by an explosion at the Hlobane colliery.

About 600 people die each year in gold mine accidents and their deaths, in ones or twos, normally merit no more than a paragraph in the local press. About 500,000 men are employed in the mines and the fatality rate is among the highest in the world, according to a recent report into mine safety and health prepared for the NUM by Mr Jean Leger, a researcher in the sociology department of the University of the Witwatersrand.

The Chamber of Mines reports that the black death rate first fell below 2 (to 1.96) per 1,000 a year in 1941. By 1984 the figure was 1.62, but the rate was lowest at 1.57 in 1973 and was 2.00 as recently as 1978. This shows no real improvement in safety since the early 1940s, some independent observers believe. They also point to the fact that proportionately more black men die underground than whites. In 1984 that ratio was almost five to two.

Mr Leger is particularly concerned that less than 2 per cent of the R40m ($17.4m) annual budget of the Chamber's Research Organisation is set aside for direct research into health and safety. His report, based on interviews with black miners and analysis of reports and statistics published by the Chamber, blames apartheid for the industry's poor safety record.

The system of production bonuses paid only to white miners is blamed for an inadequate approach to safety. Black miners told Mr Leger that white miners were far more interested in production rates than in safety and that this frequently resulted in black miners being obliged to work in conditions they considered unsafe.

The Mines and Works Act, Mr Leger says, contains little in the way of statutory protection for men who refuse to work in unsafe areas. He quotes the 1983 example of 17 black miners who were dismissed when they repeatedly refused to work in what they believed to be unsafe areas of the West Driefontein gold mine, and he reports that black miners have never been represented on mine safety committees.

Job reservation has not yet been scrapped in the mines, and mines are frequently granted exemptions by the authorities permitting black team leaders to perform many of the underground jobs reserved for whites. That is simply a legalisation of practices which have gone on for years: if the job reservation regulations were strictly implemented gold mining would come to a rapid halt in South Africa. This is all very well as far as it goes, but the team leaders, Mr Leger's informants say, are frequently not adequately trained in safety procedures.

With the scrapping of job reservation in sight, the NUM is actively working towards a reorganisation of underground working methods to ensure that safety improves. As Mr Cyril Ramaphosa, the NUM's general secretary, put it: "In the mines health and safety are the top priority. You've got to be alive or uninjured to earn the wages. Therefore to us, health and safety come first."

THE LEX COLUMN

NatWest passes the hat, again

In the old days it was thought that banks did best for their shareholders by gearing up. But perhaps the TSB's grotesque over funding is setting new standards in the banking sector. How else to explain National Westminster's call on US equity investors for over £120m, only four months after draining the UK equity market with its record £714m issue?

A request for almost $190m is very large by the standards of initial public offerings in the US, where share distribution channels are less streamlined than the institution-dominated British market. So NatWest's reputation for extreme opportunism remains unsmirched.

It would have suited NatWest if it could have issued genuine dollar capital rather than ADRs. Then it would have gone some way to matching its increasing US loan book with equity of the right currency. But it was counsel's opinion that this would infringe the Companies Act, by creating equity with a fluctuating nominal value in sterling. Pity.

NatWest is typically vague as to which sort of acquisitions this latest issue will help with. But it must be girding itself for the opportunities that will arise if the US rules preventing commercial banks from underwriting securities or from buying banks across state lines are jettisoned.

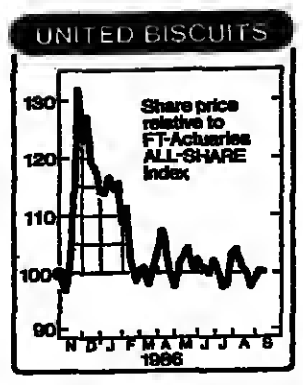
Yet the existence of ADRs probably does not make a great difference to NatWest's ability to fund some mega-deal in the US. If such a deal precipitated another rights issue, at least those US investors who become owners of more NatWest shares via the New York Stock Exchange will avoid the forced dilution that was inflicted on them by the last one. As far as UK shareholders are concerned this particular adventure will dilute the current year's earnings by about 3 per cent.

Reckitt & Colman

Perhaps Airwick was not such an expensive purchase for Reckitt & Colman as the market thought at the time. A 1.75 percentage point gain in group pre-tax margins in Reckitt's half time figures is largely the result of Airwick's integration; in the US the addition of Airwick to Bully broadened the range the sales force could work on, and Reckitt's market share has shot ahead. With similar benefits in Europe, there is more to come, not least the US Magic Mushroom brand which is due to sprout all over the place. Airwick must be regarded a success.

Reckitt should repeat the performance with Durkee foods. It might not have been a scintillating business in the past, but after being passed from owner to owner just being part of a food group again will help. Putting it in with Reckitt's French, halving the number of factories and turning two sales forces and headquarters into one of each should eventually give margins another boost.

After interim profits of £86.5m, up from £57.7m, Reckitt should top £145m for the year compared to £123.4m in 1985. Yesterday's 5p dip in the shares to 804p leaves the prospective multiple under 14. Reckitt may offer little excitement, barring a miracle cure from the pharmaceutical side, but steady 15 per cent plus growth probably is worth a touch more than a market rating.



United Biscuits

The management of United Biscuits may wish to present a clearer picture of its post-Imperial business, but the City seems to have come away from yesterday's first-ever full-dress presentation of results with its old ideas intact. UB remains, it seems, a mature and well-managed business but with a greater commitment to productivity gains than to living within its cash flow.

The figures themselves tell the same tale: pre-tax profits are up a fancy 31 per cent to £47.6m, but growth before the interest benefits from the rights issue and cheaper dollar loans is a humbler 12 per cent. In the UK, UB continues to labour successfully for those tiny gains in market share and productivity that are substitutes for price rises or, outside snack foods, volume growth.

At Keebler, the profits recovery from last year's low point in the soft cookie war was 50 per cent in dollar terms. But the drain on UB's sterling equity base from expenditure at peak dollar rates has merely restored Keebler's 1983 profits at a higher sales level, with the soft cookie market crumbling and no certainty that the war is won. That its sales were flat in the first half is scant encouragement to those who believe that Keebler – which is the group's only business large enough – can transform UB's profitability without dilution.

The prospect of 7 per cent earnings per share growth this year will do nothing for UB's rating at 11 times earnings. Even UB's new respect for cash neutrality might go out of the window if the right acquisition appears to sort out returns in Specialty Brands or the UK frozen food business.

Woolworth

Shareholders who rejected the bid for Woolworth did so in full certainty that the share price would drop, and they were not disappointed. To be consistent, they will now have to accept that the £15.9 extraordinary cost of Woolworth's defence was money well spent. Although the half-year profit of £23.3m before tax is indeed an encouraging indication that Woolworth will meet its £105.5m forecast for the year, it is not noticeably more meaningful than interim figures from Woolworth have always been. Too much depends on the Christmas selling season for that to be otherwise; and too little information so far exists on Operation Focus to decide whether the institutions were right to stick with the Woolworth strategy.

So far as Focus is concerned, the only certainty is that elimination of unprofitable food and clothing must come through to profit, but gross margin improvements and volume gains in Woolworth's chosen merchandise areas have yet to make any significant mark on the group profit and loss. Comet appears to be recovering under its Dixons-reinforced management, while B&Q's hectic expansion does not yet seem to have resulted in an excess of floorspace. If the onus is on Woolworth to perform, it has made a fairly good start; but even down at 675p, the shares are at a premium to the sector (and perhaps a shade ahead of the evidence).

Honeywell and NEC plan joint venture

By Louise Kehoe in San Francisco

HONEYWELL, a US computer maker, and NEC Corporation of Japan are to set up a joint venture company to market supercomputers in the US and Canada.

The announcement came amid rumours that Honeywell is about to announce an extensive restructuring, including the sale of its entire mainframe computer business to NEC.

Honeywell already has close links with NEC, which supplies the central processing unit for Honeywell mainframe computers.

Honeywell's stock price fluctuated wildly in heavy trading on the New York Stock Exchange. The stock opened at $74¾ and rose quickly to $84, but fell back to $78¼ by midday.

Honeywell may also sell its defence and controls businesses to Boeing and its mini-computer business to Bull of France, according to a report issued yesterday by a New York stock analyst.

Honeywell officials had no comment yesterday and Boeing also refused to comment.

Fuelling rumours of an imminent announcement are widespread reports that Honeywell is seeking a buyer for its mainframe computer business in the face of sluggish sales. In May, Honeywell held preliminary merger talks with Sperry Corporation, which was subsequently acquired by Burroughs.

According to stock analysts, Honeywell's recent stock price falls well below the value of the company, leading many to conclude that a major restructuring, including the sale of portions of the company's operations, may soon occur.

The New York Stock Exchange said yesterday that it had contacted Honeywell due to the unusual market activity in its stock and requested that it issue a statement indicating whether there were any developments explaining the activity.

The NYSE said the company declined to comment beyond this statement it made earlier on the joint venture with NEC.

Brussels plans to scrap four steel product quotas

BY QUENTIN PEEL IN BRUSSELS

THE European Commission is to press ahead with its plans to liberalise the steel market in the EEC next year. It is proposing to scrap quota restrictions for another 20 per cent of production in spite of continuing depressed demand.

Members of the 17-man Commission agreed yesterday that four product categories – galvanised sheet, light sections, wire rod and merchant bars – should be freed from the current regime of controls from January 1.

The decision seems certain to arouse fierce resistance from the steel industry's leading producers and from many member states, which will have to decide whether to approve the action before the end of the year.

It coincides with a move by the Commission to reduce the production quotas for many steel products in the last quarter of the year, which in itself was a recognition of the sluggish market both within the Community and abroad.

Mr Karl-Heinz Narjes, the Commissioner responsible for the steel industry, will now draw up detailed proposals for the 1987 steel regime on the basis of the Commission decision. That will have to be submitted to 12 industry ministers from the member countries for approval or amendment.

A spokesman said yesterday that the Commission believed the market would pick up towards the end of the year, although it recognised there had been no real increase in activity so far. He said the steel producers, protected by minimum prices, were also benefiting from the fall in oil prices.

The removal of the four steel products from quota restrictions would reduce the proportion of total EEC production subject to control from 65 to 45 per cent, he said.

The products are those for which demand is firmest, including light sections in the heavy section.

Eurofer, the association of major European steel producers, has been calling for a slowdown in the liberalisation process because of the depressed state of the market, and a sharp increase in competition from Third World producers.

The organisation points to a sharp increase in EEC imports in the first half of the year – up 35 per cent on 1985 – and a slump in exports, down 23 per cent in the same period. The main reason is the diversion of exports from the US market as well as the decline in the dollar, producers say.

The Commission's decision to reduce production quotas in the fourth quarter of the current year is a response to the producers' complaints.

The quota for hot-rolled coil is cut to 3.39m tonnes, from 3.83m tonnes in the present quarter, and for merchant bars from 2.176m tonnes to 2.092m tonnes. Other cuts are for wire rod (down from 2.214m to 2.186m tonnes) and heavy sections (down from 1m to 956,000 tonnes). Uncoated sheet remains virtually the same, while the quotes for galvanised sheet and quarto plate are marginally increased.

Paris bomb kills 4

Continued from Page 1

ianism on the right and within the police.

Not least of Mr Chirac's worries at the moment is the pressure that he is coming under from the extreme right to give the police an even freer hand.

John Wyles writes from Rome: Fears that the terrorist campaign may also move into Italy were heightened last night by threats received by the Ansa newsagency office in Beirut.

A caller speaking in Arabic on behalf of the committee for the defence of Arab politician prisoners in Europe warned that the bombing campaign in France "will be repeated in the streets of Italy" if moves went ahead to seek Mr Abdallah's extradition to Italy.

Most ministers were dismayed yesterday to learn that the Justice Ministry had started extradition proceedings against Mr Abdallah on September 8. However, these are reported to be at an early stage and it is not clear that they will be allowed to continue

Warner sales may fund expansion into cinemas

BY ANATOLE KALETSKY IN NEW YORK

WARNER Communications, the US film production and entertainment company which has turned around spectacularly in the last two years after disposing of its loss-making Atari video games subsidiary, may soon be buying into the cinema business.

Mr Steven Ross, the company's chairman, said at the Warner annual meeting in Los Angeles on Tuesday that he had more than $1bn in cash available and was "looking at quite a number of possible acquisitions" including cinema chains.

Warner received clearance only last week from the US Justice Department to start buying cinemas. It had been barred for over 30 years from becoming a motion picture exhibitor by a consent decree arising from anti trust suits against the major Hollywood film studios.

Although Mr Ross said that he would not be "rushing into buying anything," his company's strong cash position, the widespread consolidation taking place in the US media business and the possibility of a takeover threat to Warner itself all argue for a substantial acquisition.

Warner's cash holdings come from a $500m issue of preferred stock last month plus recent sales of syndication rights for television shows, worth $700m. The main alternative use for the company's cash would be the purchase of a $17.4 per cent stake in Warner held by Chris-Craft, the media holding company controlled by Mr Herbert Siegel. Mr Siegel, who sits on the Warner board, opposed the issue of preferred stock last month and is reportedly concerned about the steady dilution of his Warner holding.

Chris-Craft initially acquired a 30 per cent stake in Warner two years ago as a "white knight" when Warner was struggling with its Atari losses and feared a takeover by Mr Rupert Murdoch, the Australian-born newpaper publisher.

IMF sees reason for mild optimism

By Philip Stephens, Economics Correspondent, in London

THE International Monetary Fund yesterday delivered a cautiously upbeat message on the economic outlook to governments of Western industrialised countries ahead of its annual meeting in Washington at the end of this month.

The Fund's annual report said that, despite the recent sharp slowdown in the pace of world economic growth, the prospects were for an improving performance for the major economies later this year and next year.

In particular, it welcomed the improved co-operation between governments of the major economies over the last year. The Fund is collating a series of indicators of economic policies and objectives in those countries as part of an exercise to improve joint monitoring, or multilateral surveillance, of their economic performance.

IMF staff hope that the indicators, which will be discussed by finance ministers in Washington, will signal inconsistencies both within and between different national economic forecasts and policy objectives.

The exercise, endorsed at last summer's Tokyo economic summit, has the strong backing of the US, which sees it as a way to press for a bigger contribution from Japan and West Germany to world economic growth.

Mr Nigel Lawson, Britain's Chancellor of the Exchequer, while less enthusiastic than the US, will also back the idea of establishing a loose medium-term framework for the world economy.

The Bonn and Tokyo governments, however, have indicated ahead of the Washington meeting that they are not prepared to agree to any measures which might diminish their national sovereignty in economic policymaking.

In a separate paper sent to Governments earlier this month, the Fund said that it expected a recovery in world economic growth after the pause in the first half of 1986. It predicted that output would grow by an average 3 per cent in industrialised nations next year.

The annual report says that several factors point to an improved outlook. They include lower inflation and interest rates, the change in the pattern of exchange rates following last September's Plaza accord to push down the value of the dollar, and the US efforts to curb its budget deficit.

The huge US current account deficit and the parallel surpluses in Japan and West Germany, however, remain a threat to balanced growth.

At the same time many developing countries faced greatly intensified economic problems because of the sharp slowdown in world trade and the continuing weakness of international commodity prices, the Fund said.

Report details, Page 4

World Weather

		°C	°F
Ajaccio	S	29	84
Algiers	F	32	90
Amsterdam	F	13	55
Athens	S	30	86
Bahrain	S	37	99
Bangkok	S	34	93
Barcelona	F	23	85
Beirut	—	—	—
Belfast	R	11	52
Belgrade	C	22	90
Berlin	C	12	54
Biarritz	C	15	59
Bombay	D	29	84
Bordeaux	F	21	72
Brussels	R	11	52
Budapest	S	21	70
B. Aires	R	9	48
Cairo	S	35	95
Cape Town	F	22	72
Cardiff	C	26	79
Casablanca	F	24	75
Chicago	C	17	63
Cologne	C	11	52
Copenhagen	F	13	55
Corfu	R	32	90
Dallas	R	23	73
Dublin	C	12	54
Dubrovnik	S	27	81
Edinburgh	C	11	52
Faro	F	23	73
Florence	F	28	82
Frankfurt	C	11	52
Funchal	F	24	75
Geneva	C	21	70
Gibraltar	F	25	77
Glasgow	C	12	54
Guernsey	R	10	50
Helsinki	C	11	52
H. Kong	C	30	86
Innsbruck	F	24	75
Inverness	F	10	50
Islamabad	C	35	95
Istanbul	R	25	77
Jakarta	R	32	90
Jersey	C	11	52
Jo'burg	R	24	75
Lima	C	19	66
Lisbon	F	23	73
London	C	12	54
Los Angeles	R	27	81
Luxembourg	D	9	48
Madrid	F	23	73
Majorca	F	27	81
Malaga	F	28	82
Malta	F	29	84
Manchester	S	13	55
Manila	C	29	84
Melbourne	C	11	55
Mexico City	C	24	75
Miami	C	30	86
Milan	C	25	77
Montreal	C	14	57
Moscow	C	13	55
Munich	C	23	73
Nairobi	C	24	75
Naples	R	30	86
Nassau	C	32	90
New Delhi	S	33	91
New York	S	21	70
Nice	S	25	77
Nicosia	C	31	88
Oporto	F	22	72
Oslo	F	12	54
Paris	C	11	52
Peking	S	26	79
Prague	C	11	52
Reykjavik	C	10	50
Rhodes	C	28	82
Rio de J'o	R	37	99
Rome	R	28	82
Salzburg	R	26	79
San Francisco	R	21	70
Seoul	S	18	66
Singapore	F	30	86
Stockholm	F	11	52
Strasbourg	C	16	61
Sydney	F	19	66
Tangier	R	32	90
Tel Aviv	R	34	93
Tenerife	—	—	—
Tokyo	R	21	70
Toronto	C	13	55
Tunis	C	33	91
Valencia	F	28	82
Venice	F	22	72
Vienna	R	22	72
Warsaw	C	14	57
Washington	C	10	50
Zurich	F	16	61

Readings at mid-day yesterday.

C-Cloudy D-Drizzle F-Fair Fg-Fog H-Hail R-Rain S-Sun Sl-Sleet Sn-Snow T-Thunder

Alfa stake for Ford

Continued from Page 1

in Italy, it made no move to deny their accuracy.

However, even if it was possible to move quickly to a formal agreement in principle between the two immediate parties, Ford and Finmeccanica, there appears to be an understandable mood of caution within Ford that there could be some awkward political hurdles to negotiate within Italy before a final deal could be signed and sealed.

Fiat's next moves are of potentially considerable concern. The fate of General Motors' attempt to buy Land Rover and Leyland Trucks in the UK, and Ford's own earlier talks about acquiring Austin Rover, foundered mainly on belated public and political protests.

Yesterday afternoon in Rome, Mr Valerio Zanone, Italy's industry minister, said: "I want to express my satisfaction at the concrete proposals for relaunching Alfa." The industry minister then said that given the importance of the matter he wished to invite any "domestic" car makers to advance their own proposals for Alfa Romeo.

Within two hours of these comments by Mr Zanone (who is also a long-serving MP from Turin), Mr Cesare Romiti, managing director of the Turin-based Fiat, responded to the "invitation" by saying that Fiat would "be happy to illustrate the contents of our proposals."

Mr Romiti, who was accused last June by Iri of trying to sabotage a possible Ford-Alfa deal, said that prior to the Ford-Alfa talks Fiat had sought "to help seek solutions" for Alfa.

Financial Director -Designate

c.£30,000 plus car and other benefits
West London

Our client, a leader in automated refreshments vending and with growing catering and commodity interests, seeks a fully qualified accountant with potential to fill a Board appointment at an early date.

The successful candidate will be responsible for managing the finance and systems functions as well as *contributing positively to the development of a* market orientated corporate strategy.

The job calls for a finance and business background at senior level in a customer conscious commercial organisation and for experience of consolidations, Group reporting, computers and successful acquisitions.

Applicants in the 30-45 year old range are asked to write with full cv and daytime telephone number quoting reference 1470 to:

BinderHamlyn
MANAGEMENT CONSULTANTS
Trevor Austin, Executive Selection Division
Binder Hamlyn Management Consultants
8 St Bride Street, London EC4A 4DA

INTERNATIONAL APPOINTMENTS

Banco de Vizcaya sets up smooth succession at top

BY TOM BURNS IN MADRID

MR PEDRO TOLEDO, managing director of Banco de Vizcaya, has been appointed to succeed Mr Angel Galindez as the bank's chairman, in a smooth succession which is in stark contrast with recent traumatic upheavals at the top of Spain's so-called big seven private banks.

Mr Toledo, 51, joined Vizcaya in 1968, became managing director in 1978, and had his *role as heir apparent* to Mr Galindez confirmed in 1983 when he was appointed deputy chairman.

Mr Galindez, 68, Vizcaya's chairman for the past 11 years, will formally stand down on January 31. The smoothness of the *transition*, over a period of more than four months, is unusual in Spanish banking circles, where top appointments have, in some cases, been forced by circumstances and have traditionally prompted boardroom acrimony.

Mr Toledo made his mark on Viscaya, Spain'e sixth largest bank in deposit terms, by emphasising managerial expertise and by building up a closely-knit team of executives that came to play a key role in rescuing ailing financial institutions during the prolonged Spanish banking crisis that set in during the mid-seventies.

The know-how that Vizcaya acquired in absorbing casualties of the crisis and returning them to financial health culminated in its 1982 takeover of Banca Catalana, the foremost of the banks that crashed.

Mr Pedro Toledo who is to take over the chairmanship of Banco do Vizcaya from the end of January, in succession to Mr Angel Galindez

Among Mr Toledo's proteges were Mr Carlos Solchaga, who left the bank to enter politics and is the current Economy Minister, and Mr Clandio Aranzadi, who was appointed chairman of INI, the public sector holding company, in July.

Mnch like Mr Galindez, the outgoing chairman, Mr Toledo is a self-made man, a professional economist and an outsider in the banking and business *oligarchy of Bilbao*, the industrial hub of the Basque country where Banco de Vizcaya has its headquarters.

Last year the bank registered a 23 per cent growth in net profits to Pta 13.16bn ($86.4m) and upped its annual dividend to Pta 227 a share from Pta 212. The earnings increase came after an 18 per cent rise in 1984.

* * *

MARRIOTT CORPORATION, the leading US hotel concern with interests in restaurants and other food services, has elected Mr Richard E. Marriott, 47, vice chairman from October 2, in succession to Mr Don G. Mitchell, 81, who is to remain on the board.

Mr Marriott relinquishes some of his present responsibilities, to allow him time not only for tho vice chairmanship role, but also for that of chairman of First Media Corporation, which is owned by the Marriott family, and runs radio and television stations.

Mr Francis W. Cash is to take over Marriott's restaurant operations, which had been run by Mr Marriott, from November 1. Mr Cash, an executive vice president, moves up from being in charge of the group's Roy Rogers fast foods restaurants.

Sun Life of Canada leadership plan alters

By Bernard Simon in Toronto

SUN LIFE ASSURANCE, Canada's second biggest life insurer, has appointed Mr *John Gardner as president* to succeed Mr Jack Brindle who is to take early retirement en December 31.

Mr Gardner, aged 48, is currently senior vice-president in charge of Sun Life's US operations. Mr Brindle, 64, was due to retire in 1987, but wants to return to England to live with his family.

The Toronto-based company says that Mr Thomas Galt, its chairman and chief executive officer, will not retire as planned this year, but will stay on to oversee *the new senior* management team. No new retirement date has been set for Mr Galt, aged 65.

Sun Life's assets grew by 25 per cent last year to C$29.6bn (US$21.4bn) and the strong growth has continued in 1986.

Newsweek president

NEWSWEEK, a subsidiary of Washington Post Company, has said that Mr Mark M. Edmiston has resigned as president "to pursue other interests."

He is to be replaced by Mr Christopher M. Little, senior vice-president.

New chief executive at Triumph-Adler

BY JONATHAN CARR IN FRANKFURT

MR FRANCESCO TATO, aged 54, is taking over with immediete effect as chief executive of Triumph-Adler, the West German office equipment company wbich Olivetti, the Italian-based concern, has taken over from Volkswagen, the West Germen motor group.

Mr Tato succeeds Mr Wolfram Nadehusch, who had the top job at TA for two years, after serving as head of VW's operations in Nigeria. Mr Nedobusch is returning to other tasks within tho VW group.

The management change had been widely expected, since it was announced earlier this year that Olivetti was taking over VW's 98.4 per cent stake in TA. The takeover was approved in July by the German cartel euthorities.

Mr Tato worked for Olivetti *and is a close associate* of Olivetti's chairman, Mr Carlo de Benedetti. He had also headed Kienzle, the office equipment subsidiary of the Mannosmann group.

● The stepping down of Mr Nedehusch waa reportod yestorday. Mr Tato was regarded within the industry as his likely successor.

Former Garrett chairman quits Allied-Signal board

ALLIED-SIGNAL, the diversified New Jersoy-based group with intorests in aerospace, olectronics and the automotive industry, as well as in synthetie fibres and plastics, has announced tho resignation from tho board of Mr Harry H. Wetzel, aged 66, for "personal reasons."

Tho group was formed last year by the merger of The Signal Companies, of the US west coast, into Allied Corporation of the east coast.

Mr Wotzel was from 1966 to early last year chairman and chief executive of Garrett Corporation, a part of the group which this month announced a £10m ($15m) investment in its vohicle turbo-charger plant at Skelmorsdale, in Lancashire.

* * *

BURLINGTON INDUSTRIES has elected Mr Frank Greenberg as ehairman and ehief oxeeutive, in succession to Mr William Klopman, who is to retire on September 30.

Mr Klopman will remain on the hoard of directors. Mr Greenberg, 57, currently serves as president and will be replaced by Mr Lanty Smith, executive vice-president of Burlington.

Mr Donald Hughes, the chief financial offieer, has been appointed vice-chairman, retaining the post of chief financial officor.

Accountancy Appointments

COMMERCIAL MANAGER

Our client is a subsidiary of a large international Trading Group. The UK operation is in the FMCG business, ranging from "high tech" diagnostic equipment to service industry hard parts, safety related and phycographic accessories.

The su cessful candidate will report to the Chief Executive with a strong functional relationship to the holding company.

He will be a qualified accountant with a generalised track record, including such disciplines as personnel, inventory/materials management, investment appraisal, long and medium term business planning.

Total remuneration package consistent with the position. Tolophone (0753) 888092 (24 hrs ans) for information or send full CV quoting Ref: 593 to:

Brian Smith Associates
Management Consultants
9a Station Road
Gerrards Cross
Bucks SL9 8ES

FINANCIAL MANAGER

South West — £20,000 + Car

Our client is engaged in the volume production of precision metal fabrications and is part of a successful and substantial group of companies. The company is strongly profitable and is expecting to grow rapidly with turnover reaching £15m. in three to four years.

A financial manager is required whose strengths lie in development rather than in the maintenance of the status quo.

He or she should have a strong background in manufacturing engineering and should have sound experience of the development of standard costing systems and management reporting.

A high degree of familiarity with computers and computerised systems is essential as the financial manager is to play a key role in the installation and running of a fully integrated information system.

Apart from well developed management accounting and systems skills, a sound appreciation of the need for financial accounting integrity and financial control is also essential.

Applicants' technical ability should be matched by strength of personality and purpose. You should be a qualified accountant, preferably ACMA and should be well equipped to play an influential role in the management of the company.

Write in confidence, enclosing a full curriculum vitae and quoting reference no. L/620 to Dr. Miranda Hughes, Executive Selection Division.

PEAT MARWICK

Peat, Marwick, Mitchell & Co.,
City Square House, 7 Wellington Street, Leeds, LS1 4DW

Financial Controller

Oxford

c. £22,000 + Car

Our client is the world's leading manufacturer of computer-assisted audio mixing systems. Recently merged with a major public engineering and technology group, the company has an international reputation for the quality of its products and for its innovative approach. Based in pleasant rural surroundings the company is committed to the development of increasingly sophisticated products which will ensure continued growth in the future.

The company is currently seeking e Financial Controller to head a team of eight and take responsibility for the provision of financial information for both the U.K. and the company's U.S. subsidiary. Reporting to the Finance Director, prime tasks will be the implementation of a computerised accounting system and the review and development of reporting, planning, control and costing systems.

Candidates should be qualified accountants aged between 28 and 35 with at least four years post qualification experience, ideally gained in a manufacturing environment. Exposure to U.S. accounting practices and experience of implementing computerised accounting systems would be an advantage. Personal attributes must include a flexible and pragmatic approach; good man management skills and an outgoing and lively personality. In return, opportunities exist for the right person to develop within the company.

Please reply in confidence, giving concise career, personal and salary details, quoting Ref. ER885 to:
Micheline Wilkin,
Arthur Young Corporate Resourcing,
Citadel House, 5-11 Fetter Lane,
London EC4A 1DH.

Arthur Young Corporate Resourcing
A MEMBER OF ARTHUR YOUNG INTERNATIONAL

BRIGHT FUTURES WITH AN EXPANDING OIL AND GAS COMPANY.

Profitability and expansion both in the North Sea and internationally typify ARCO British Limited, the highly successful UK subsidiary of one of the world's largest and now one of the few expanding British oil and gas companies. We are currently preparing to become operator of the Thames complex of gas fields in the Southern Gas basin of the North Sea with this significant strengthening of our Finance and Accounting team.

Senior Analyst
Systems and Control

You will have responsibility for financial control of policies, procedures and review and will have in-depth liaison with partner, internal and external auditing functions. Your area of control will also cover systems development; our computer operation - which utilises a mid-range computer as well as giving assistance to Accounting and Budget/report groups with procedure development.

A fully qualified accountant with 6-10 years' experience in an oil industry or related auditing firm, your knowledge will include management expertise in computerised financial systems and an understanding of Database systems in a multi-company environment.

ARCO British Limited

Analyst
Systems and Controls

Audit liaison - responding to partner audits and procedure/policy controls will be your major duties as well as assisting other groups. You should have 3-5 years' experience including oil and gas expertise gained in an accounting, audit department or public accounting environment. Practical experience of writing financial policies and procedures is also required. Newly qualified or part-qualified Accountants are required.

Analyst
Tax/Budgets/Capital

Here your work will centre on the following elements: performance reporting; Corporation Tax; PRT; budget preparation and Capital Administration. *Computer literate*, your 1-3 years' experience should preferably include oil and gas company expertise. Part-qualification would be desirable.

Accountant

Your responsibilities will be split between warehouse and joint venture accounting and must be supported by 1-3 years' experience, preferably including oil and gas expertise.

These positions will be based at our London office.

Our continuing success and exceptional expansion means the prospects for career development are very good - we also offer highly competitive salaries and generous benefits which include non-contributory pension scheme, life insurance, company paid private patients' scheme and relocation expenses where appropriate.

Please write to: Pierre Towns, ARCO British Limited, ARCO House, 48 Grosvenor Street, London W1X 0AN.

ARCO British Limited, a highly successful subsidiary of Atlantic Richfield Company, is actively exploring and developing key areas in the North Sea. These involve 21 operated licences in the Southern Gas Basin including the Thames Gas Complex. In addition, we are involved in non-operating producing interests in the UK and the Netherlands, and have substantial holdings in Norway, notwithstanding large operations worldwide.

Financial Analysts

City — **c£20,000 package with banking benefits**

The TSB Group's share offer has highlighted the organisation's recent growth and breadth of activity in the area of financial services, and the potential for future development. There is now a requirement for two high calibre Financial Analysts within the Group Head Office, working closely with staff in operating companies.

One will be responsible for the evaluation of the Group's sources of profitability, both short term and long term, and the review and monitoring of major project expenditure proposals. The other will assist with projects operated throughout the Group on topics such as profit enhancement, cost effectiveness, business development and organisational improvement.

These are high profile positions and call for an understanding of the economics of the various businesses which make up the Group and the ability to differentiate between major and minor issues.

Applicants, preferably in their late 20's, should be qualified accountants or business graduates with previous experience of advanced techniques of financial analysis and appraisal gained in a major service industry or industrial group. Knowledge of major computerised systems, the ability to master detail as well as concepts, a high standard of written and oral presentation and the diplomacy to be effective in a Group staff role are key requirements.

These are career development opportunities and the successful candidates will be capable of moving on to other appointments within the Group.

The salary package will be negotiated in the light of qualifications and experience, and will include mortgage subsidy, non-contributory pension scheme and other significant benefits.

Please apply in strict confidence quoting ref. L253 directly to: Brian H. Mason,
Mason & Nurse Associates,
1 Lancaster Place, Strand,
London WC2E 7EB.
Tel. 01-240 7805.

TSB GROUP

GENERAL APPOINTMENTS

Appear every WEDNESDAY
Rate £41 per single column centimetre

For Accountants who really count.

Price Waterhouse

Accountancy Appointments

FINANCIAL CONTROLLER

London c.£20,000 + car

A young and dynamic graphic design company with an impressive client portfolio is seeking a Financial Controller.

The successful candidate will be responsible for all aspects of the financial management of the company, including day-to-day accounting, computerised accounting systems, management information reports, budgets, statutory accounts and liaising with professional advisers.

Candidates, preferably graduate chartered accountants, must have a minimum of two years post-qualification experience, either in a service or advertising company, or in auditing such companies.

In addition to strong technical skills, the successful candidate will have a strong, outgoing personality, a quick and perceptive mind and be able to employ a shirt-sleeves approach. A sense of humour would be a definite advantage.

The position offers an excellent opportunity for the right person to develop in a growing and exciting company.

Please write in confidence enclosing career details and quoting reference 6467/L to Anne Routledge, Executive Selection Division.

PEAT MARWICK

Peat, Marwick, Mitchell & Co.,
165 Queen Victoria Street, Blackfriars, London EC4V 3PD.

Insurance & Financial Services Market Leader

Assistant General Manager Finance

Rural England *c. £40,000 + car & benefits*

This is the senior financial appointment in a long established Group, supplying insurance and other services to a specialist sector in which it has the highest market share for its products. *Funds under management exceed £1bn. Policy is to grow by* developing original products and financial services.

Reporting to the Chief Executive, the task is to provide strategic financial advice, and to improve the performance of the accounting function.

The person appointed will be a qualified Accountant, aged at least 35, who has helped determine financial strategy in a substantial, well run business, preferably providing financial or other services. Successful management of a large accounting function must also be demonstrated. Highly developed personal and communication skills are essential. Insurance industry experience would be a plus.

Benefits include a car, bonus, excellent pension arrangements and generous relocation allowances. The Group's modern offices are in an attractive location.

Please reply to Barry Underwood, advisor to the Group, in strict confidence with details of age, career and salary progress, education and qualifications, quoting reference 1642/FT on both envelope and letter. Please provide a day time telephone number.

Deloitte Haskins+Sells
Management Consultancy Division
P.O. Box 198, Hillgate House, 26 Old Bailey, London EC4M 7PL

GENERAL APPOINTMENTS

Appear every WEDNESDAY

ACCOUNTANCY APPOINTMENTS

Appear every THURSDAY

Rates £41 per single column centimetre

GENERAL APPOINTMENTS EVERY WEDNESDAY

Planning a career move or just looking? Then check the General Appointments pages every Wednesday. Need to recruit high calibre staff? Contact Louise Hunter on 01-248 4864 for details on how to advertise.

FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER
LONDON · FRANKFURT · NEW YORK

European Controller

Surrey c£25,000 + Car

Our client is part of a major U.S. corporation with branches and subsidiaries throughout the world. The company is engaged in the design of specialist plant and equipment and is acknowledged to be a leader in its field. European turnover is currently approaching $20 million.

The need has arisen for an experienced manager, reporting direct to the U.S., with line responsibility for the European financial functions including computer systems development, project financing, cost control, treasury/tax management and group accounting.

The successful candidate is likely to be a graduate, qualified accountant, aged 30/40, with a shirt sleeves approach, derived from practical small company experience. You must be able to demonstrate a good track record in organisation and systems planning and development. Fluency in French and familiarity with U.S. reporting requirements and methods of operation are essential.

The attractive salary package will include relocation and other fringe benefits and prospects for promotion within the group are excellent.

Applicants should write to Nigel Bates FCA, Executive Division, enclosing a comprehensive c.v. and daytime telephone number, quoting ref. 346, at 39-41 Parker Street, London WC2B 5LH.

MP
Michael Page Partnership
International Recruitment Consultants
London Windsor Bristol Birmingham Nottingham Manchester Leeds Glasgow & Worldwide
A member of Addison Consultancy Group PLC

GROUP ACCOUNTANT REQUIRED

To oversee accounting functions of an hotel group, experience of manual and computerised hotel accounting essential. Proven ability to produce results and statistics on strict timing is a requisite with flair for producing systems, forecasts and credit control.

Please call 01-724 3143 for an Appointment

Business Analysis Manager

Midlands £22–24,000 + car

A graduate accountant of MBA calibre, aged 30-35 and with demonstrable potential for advancement, is sought by a leading UK multinational with a strong commitment to positive career planning.

As a senior manager in a high powered corporate team, the role will assume responsibility for a cross-section of intellectually taxing assignments offering the challenge of wide variety and the stimulus of confronting and resolving complex business issues. The tasks may vary from undertaking a competitor review and acquisition analysis to upgrading systems in a major subsidiary, from preparing a unit business plan to conducting a strategic review of a product line. In this context, attributes of applied expertise, analytical ability and excellent communications skills are essential. Additionally, applicants should be able to offer large company manufacturing experience, strong leadership capabilities and the potential for promotion within twenty-four months.

The Group has a decentralised management style but at the same time makes a strong central commitment to the career development of high fliers. Vigorous management policies and an intensive programme of capital investment will ensure that it remains in a strong competitive position internationally.

Fringe benefits are those which you would expect from a multinational employer and will include, in appropriate circumstances, relocation costs.

Opportunities like this are few and far between, so write briefly NOW enclosing a curriculum vitae or telephone for a personal history form, in either case quoting ref. 4810 to J Constable ACIS, Director.

EXECUTIVE CONNECTIONS

Management Challenge

Finance & Administration
Middlesex to £20,000 + car

Our client is a privately owned storage company which is currently expanding and diversifying its trading activities. It is now poised to aggressively exploit the market and build upon its success.

In line with this expansion they now seek a qualified accountant, aged late 20's-early 30's, to join their management team. Assisted by a small department which already employs sophisticated computing facilities, you will be responsible for the day to day running of the accounting and administration function. However, the brief is broad and will include responsibility for financial and strategic planning and the provision of management information to support the business now, and in the future.

The appointee will play a vital part in the overall success of the company, and will therefore require a rare combination of technical skills and imagination. Well developed commercial instincts and the ability to achieve agreed business objectives in a small, but hectic, environment are essential personal qualities.

Applications, giving full personal and career details, including current salary, should be submitted quoting reference SHA/833 to John Dennison at: Stoy Hayward Associates, Management Consultants, Executive Recruitment Division, 8 Baker Street, London W1M 1DA.

SH Stoy Hayward Associates
MANAGEMENT CONSULTANTS
A member of Horwath & Horwath International

Young Accountants

...a career in investment analysis

to £16,000 Central London

Our client, a major UK pension fund, has a number of opportunities for recently qualified accountants interested in a career in portfolio management.

The initial appointments would be as investment analysts within a team of professional managers and analysts. You will work closely with a portfolio manager fully analysing a wide range of companies and industries.

Candidates should have been qualified for up to two years' and have the ambition to develop their career in a City environment.

Salary will, initially, be up to £16,000 but prospects for promotion are excellent with substantial rewards available to those who succeed. Attractive conditions of employment include generous holiday entitlement and home to office travel allowance.

Please write with full career details. List separately any companies to whom your application should not be sent. Ann Herbert ref. AH/B/3/2.

HAY-MSL Selection and Advertising Limited,
52 Grosvenor Gardens, London SW1W 0AW.

Offices in Europe, the Americas, Australasia and Asia Pacific.

HAY-MSL
CONFIDENTIAL ADVERTISING

MANAGEMENT CONSULTANTS

Are you eager for success?
Are you available now?

As a result of our continued growth we require several **MANAGEMENT CONSULTANTS** to maintain our development.

Could you be one of them?

You must be highly motivated with an appetite for achievement. Your successful track record will show that you are thoroughly experienced in the business to business area and capable of problem solving for small and medium sized companies, be they financial, commercial or manufacturing.

You will receive comprehensive training and the back-up necessary.

A first rate remuneration package commensurate with effort is offered.

If this is your sort of challenge and you would like to join our expanding team, please send complete career details to Mark Quinery, Ref: F.T. Independent Consulting and Management Company Ltd., Rawlplug House, 147 London Road, Kingston-upon-Thames, Surrey KT2 6NR.

Financial Director for Quotable Company

£27-33,000 pa

Creative Chartered Accountant is sought for expanding service company in "the people business". The company is a market leader with a 12 year track record and offices in London, Leeds, Birmingham and Winchester.

Expansion plans leading to a listing require the recruitment of an entrepreneurially minded 28 - 33 year old CA preferably with some experience of investigations, corporate finance and financial control.

Remuneration, incentives and benefits will be made most competitive and sufficient to attract an accountant of the highest calibre.

Please contact Robert Macdonald for an informal discussion about the company's plans and how the appointment might advance your career.

Reuter Simkin Ltd 26-28 Bedford Row, London WC1R 4HE.
Tel: 01-405-6852 Fax: 01-405 3677 Telex: 884064.

REUTER SIMKIN
LONDON • LEEDS • WINCHESTER
RECRUITMENT AND MANAGEMENT CONSULTANTS

FINANCIAL DIRECTOR

Central London c. £30,000 plus car

Metal Trading

The successful applicant will have a professional accountancy qualification and will be fully familiar with computerised accountancy systems.

Age is not so important as an ability to create/remodel and administer the strict financial controls which a rapidly expanding, *mainly* physical, international metal trading organisation requires.

Pleas submit full C. V. to:
The *Managing Director*,
Burwill & Co. Ltd.,
195 Knightsbridge, London SW7.

Accountancy Appointments

General Appointments
Appear every
WEDNESDAY

Accountancy Appointments
Appear every
THURSDAY

Louise Hunter
01-248 4864

Jane Liversidge
01-248 5205

Daniel Berry
01-248 4782

Financial Executives

currently seeking

£20,000-£45,000

Cartwright Hopkins is an established executive recruitment consultancy that provides its services in a professional, personal and confidential manner. We continually seek to extend and broaden our contacts with qualified accountants who have achieved a successful career to date and who may wish to develop their careers further by seeking a change of position now or alternatively by considering opportunities in the future.

Please write enclosing a full curriculum vitae to:
Philip Cartwright F.C.M.A
or Nigel Hopkins F.C.A,

97 Jermyn Street,
London SW1Y 6JE.
Tel: 01-839 4572

Cartwright Hopkins
FINANCIAL SELECTION AND SEARCH

NOMURA

Internal Auditor

Unique Banking Opportunity
c£30,000 + Banking Benefits
City

On 3 November 1986 Nomura International Finance opens for business as the City's most exciting new international bank. Backed by one of the largest and most highly regarded financial institutions in the world, the new bank has unrivalled prospects for dynamic growth.

As part of the recruitment of the key management team, they now seek a talented internal auditor. Reporting directly to the Audit Committee of the board, the person appointed will be responsible for the setting up and development of the internal audit functions; ensuring that systems are operating efficiently and comply with regulatory bodies and corporate policy.

Candidates must be qualified accountants with significant internal or external auditing experience in the banking sector. He or she will be self motivated, ambitious and intelligent enough to spot the outstanding potential of this position. Future career progression in the bank may be outside the internal audit function.

The remuneration package includes a high basic salary, profit related bonus, non-contributory pension, BUPA, subsidised mortgage, and low interest personal loans.

Please write in confidence, enclosing a full CV, including current salary details and quoting reference MCS/3008 to Tracey Phillips:
Executive Selection Division
Price Waterhouse
Management Consultants
No. 1 London Bridge
London SE1 9QL.

Price Waterhouse

FINANCIAL ACCOUNTANT
SHIPPING

LONDON NW1 **c £25,000**

Zodiac Maritime Agencies Limited is a successful and expanding company in the field of Ship Management.

The continued growth has created the need for a new position to be a key member of the finance team. The emphasis is on implementing and supervising further controls over the company's expanding range of activities in order to provide more accurate and up-to-date management information.

The appointment calls for a qualified Accountant in his or her late 20s/early 30s, currently working in a commercial environment with a strong systems background and, ideally, with experience of the Shipping Industry.

The successful candidate will be personally energetic, have proven initiative with strong inter-personal skills and the ability to achieve results in a demanding environment.

Please send a comprehensive career résumé, including salary history and a day-time telephone number, to:

D. A. Clarke
ZODIAC MARITIME AGENCIES LIMITED
12 York Gate, Regent's Park
London. NW1 4QG

Only American Express could widen an ACCOUNTANT'S horizons so excitingly.

It must have occurred to you that travelling around the world, constantly dealing with different people in new and interesting places, makes for exceptionally stimulating working conditions. If you're a busy Chartered Accountant, though, you'll know only too well that opportunities to escape the routine of an unchallenging and unimaginative job are few and far between.

Here, then, is the chance you're waiting for: as one of the Senior Auditors American Express is currently seeking to recruit for its Internal Audit Department, you'll be based in Brighton and will travel extensively to a wide range of locations throughout Europe, the Middle East and Africa. You'll be working closely with other dynamic professionals, making full use of your skills to examine the performance of our operating units. It's also possible that there may be opportunities for Auditors to play the same roles in our Far Eastern Region, based in Hong Kong.

These certainly aren't ordinary audit jobs. But then, American Express is no ordinary organisation. Our Travel Related Services subsidiary forms one of the world's largest, and most successful, financial services companies, providing an unparalleled combination of payment, travel and communication products. And audit plays a very special role in our operations, involving responsibilities — and opportunities — that are unmatched elsewhere.

Naturally, we want auditors who are extraordinarily talented — qualified and experienced Chartered Accountants, capable of dealing with the technicalities of systems analysis and management information reviews, as well as providing detailed advice on a wide range of specific accounting and operating problems. You should also possess a very high level of motivation, and excellent written and verbal communication skills.

We'll also expect you to have a talent for investigative work and to use your experiences to acquire a thorough first hand knowledge of all our business activities.

If you can bring us all this, we offer in return a competitive salary and benefits package which includes mortgage subsidy, non-contributory pension, free life cover and relocation expenses where necessary.

Please send a comprehensive c.v., quoting ref. IAB, to Mike Whippy, Personnel Officer, American Express Europe Limited, Paston House, Preston Road, Brighton, East Sussex BN1 6AF.

AMERICAN EXPRESS

GROUP
Financial Accountant

Package c £22,000

We are the UK arm of the world's largest publicly quoted insurance group. Due to recent expansion, we now have a vacancy for a Financial Accountant.

Reporting to the Chief Acountant, you will be responsible for ensuring compliance with all UK statutory reporting requirements in particular the preparation of Companies Act accounts and Department of Trade returns for some fifteen companies. The environment is young, motivated, highly computerised and rapidly changing.

If you are under 35, ACA/ACCA qualified, have an insurance background gained either in the industry or the profession and are looking for a new challenge then reply in confidence to:

Wayne Page, Chief Accountant,
AEtna Life Insurance Co. Ltd.
401 St John Street, London EC1V

AEtna

EUROPEAN AUDIT

Heathrow £22,000-£26,000 + car

MAI Basic Four, Inc. is an internationally significant producer of mini and micro computers and related software products. About half of its $250 million plus revenues are derived from European operations.

The company now wishes to appoint a senior audit officer to establish a financial and operations audit function.

Candidates should be graduates ACA/CPA's with a working knowledge of French and German and at least 1-2 years post qualification experience, preferably having served articles with one of the 'big eight' accounting firms. A knowledge of GAAP and SEC reporting requirements will be advantageous. Key personal attributes sought are effective communicative and interpersonal skills within European/US cultures and a hi-tech environment, flexibility and independence of mind, and a minimal need for supervision.

Please write in confidence enclosing career details and quoting reference 5886/L to M.R.P. Blanckenhagen, Executive Selection Division.

PEAT MARWICK

Peat, Marwick, Mitchell & Co.,
165 Queen Victoria Street, Blackfriars, London EC4V 3PD.

The British Printing & Communication Corporation plc

FINANCE DIRECTOR

London **c£35,000 + car**

The British Printing and Communication Corporation plc is a substantial, profitable and rapidly expanding multinational company engaged in all facets of printing and publishing. It now seeks an able and ambitious Finance Director aged 35-45 to join its publishing division.

The ideal candidate will be an imaginative, entrepreneurial accountant who can demonstrate significant achievement and help to accelerate the growth of an already dynamic business. Experience within media or publishing while advantageous is not essential.

Please write to D.E. SHRIBMAN as advisor to the company stating how you meet the requirements and enclosing a curriculum vitae, details of current earnings and a daytime telephone number.

HUDSON SHRIBMAN
THE COMPLETE FINANCIAL SELECTION SERVICE
Vernon House, Sicilian Avenue, London WC1A 2QH. Tel: 01-831 2323

CHARTERED ACCOUNTANTS
c £17,500-£25,000 + car
Are you a recently qualified accountant or finalist looking for a new career?
With a wide variety of excellent positions available in small to medium-sized companies, and diversity of other blue chip companies we are ideally placed to fill your job requirements.
Our service is personal, professional and completely confidential. We may have just what you've been looking for, so why not ring us today for an appointment or simply send us your CV.
Ref: CA/348

COMPUTER AUDITOR c £20,000
The Merchant Banking arm of a major international banking group located in the City seeks a Qualified Accountant to join their computer Audit Department.
Ref: RC/850

OPERATIONAL REVIEW c £20,000
An excellent opportunity for a Qualified Accountant to join this dynamic manufacturing and services group located East of Berkshire. Duties will include Financial and Operational Accounts review throughout their European and worldwide offices. Line management position after 2 years.
Ref: SB/670

For further details phone or write quoting reference to:
ACCOUNTANCY ASSOCIATES LIMITED
temp./perm. recruitment consultants
5 VIGO STREET LONDON W1X 1AH TELEPHONE 01-439 3387 TELEX 27789

FINANCIAL CONTROLLER
LIGHT ENGINEERING

South Wales c.£24,000 + car

Our client is an expanding, highly profitable UK subsidiary of an international light engineering group.

The role of Financial Controller is a high profile one — not only as the senior finance executive but also as a major contributor to the overall management and development of the business.

Applicants must be qualified accountants, probably ACMA, aged 35/40 with relevant experience in a manufacturing environment. Accounting and control systems are extensively computerised and further enhancements will be the responsibility of the job holder.

Full relocation assistance will be provided if required. Interviews will be held in London and Cardiff.

Please write with full career details to Mike Gostick, quoting reference F/456/G, at Ernst & Whinney Management Consultants, Becket House, 1 Lambeth Palace Road, London SE1 7EU.

Ernst & Whinney

A key role in monitoring financial performance

Based Manchester **Salary up to £25,000 p.a.**

The North Western Regional Health Authority is the second largest region in England, with an annual revenue budget of £900 million, spread across 19 District Health Authorities and including a Capital Programme of £70 million per year.

This key position represents an excellent opportunity to work at the forefront of public service finance. Reporting to the Assistant General Manager, you'll be responsible for managing a major section of the Treasurer's Department. You will be heavily involved in all aspects of the Department's operations through monitoring District and Regional financial performance and the achievement of short term plans, liaising closely with your counterparts in Financial Planning and Audit.

This is a highly innovative role, involving the development, implementation and maintenance of Region-wide financial accountancy systems in collaboration with the Regional Computer Services Manager. Additionally you will be expected to contribute to the future success of the department through your involvement in the Regional Finance Training Scheme.

CIPFA qualified or the holder of a similar accounting qualification and ideally in your mid-late 30's, you will have extensive experience of financial monitoring gained in the public service, industry or commerce. Good managerial and communication skills together with the ability to interpret information quickly, are essential. Additionally you will need the strength of character to push through difficult decisions.

If you feel you possess the right professional and managerial qualities for this position, write or telephone for an application form and job description to the Regional Personnel Division, Gateway House, Piccadilly South, Manchester M60 7LP, quoting reference number B.112/A. Tel: 061-236 9456, Ext. 614.

Closing date for receipt of completed application forms 12.0nn. Friday, 3rd October, 1986.

NORTH WESTERN REGIONAL HEALTH AUTHORITY

EXECUTIVE JOB SEARCH

Are you earning £20,000—£100,000 p.a. and seeking a new job?
Connaught's discreet and successful Executive Marketing Programme provides professional excellence in helping you to identify those unadvertised vacancies.
Contact us for a free and confidential meeting to assess if we can help you. If you are currently abroad ask for our Executive Expat Service.

32 Savile Row, London, W1
Connaught
01-734 3879 (24 hours)

The Executive Job Search Professionals

Accountancy Appointments

Finance Director

Manufacturing Group — South West
circa £35,000 + bonus + car

As a member of a highly successful public group operating with a considerable degree of autonomy, our client is seeking a Finance Director to strengthen the management team in the further expansion of this profitabla and well-established medium sized engineering manufacturing business operating from sites in the UK and Europe.

Reporting to the Managing Director, the Finance Director will be expected to guide and strengthen financial planning and management of the Company and to assume full responsibility for managing and developing the Company's financial profile both within the Group and with external city institutions. Supported by an experienced accounting team, the successful applicant will assume responsibility for all aspects of financial accounting, reporting, budgeting, acquisition funding and taxation work.

This is a high profile leadership role where the Finance Director's success will be measured by the degree to which the Company's financial situation satisfies external appraisal and internal strategic objectives.

The need is for a qualified accountant, age 35/40 who has considerable progressive experience outside the profession, preferably gained in a substantial manufacturing company. The person appointed will have worked in a decision making role in senior financial management at Board level where he/she will have gained robust operational experience. As well as institutional experience, a broad technical background demonstrating flexibility, energy and excellent communication skills are key requirements.

Remuneration is negotiable with benefits reflecting major company practice. Relocation assistance will be paid where necessary.

Candidates should write enclosing a full curriculum vitae and stating any company to whom they would not wish their application to be disclosed, quoting reference MCS 9186 to Jeremy Pakenham.

Executive Selection Division
Price Waterhouse
Management Consultants
Clifton Heights
Triangle West
Bristol BS8 1EB

Price Waterhouse

Finance Director

High-growth equipment leasing company

to £35,000 + car

Since its inception in 1981, this subsidiary of a large American multinational corporation has grown rapidly and now has assets of £75m. It deals exclusively with UK customers and specialises in leasing larga capital items. Further developmant is planned including diversification into mortgaga lending and banking.

This growth has created the need for a Finance Director to control the accounting, pricing and cash managament functions and to contribute to the policy and decision-making process. Tha position reports to tha Managing Director and will involva evaluating potential acquisitions and developing new procedures to reflect the growth and changing nature of the company.

Candidates should be qualified accountants, probably in their mid-30's, who combine sound technical knowledge with business acumen. Ideally they should already have gained experiance in the financial services sector and should be familiar with computerised accounting systems.

Plaase write in confidence to: Jane Woodward (ref 1551).

KMG Thomson McLintock
Management Consultants
70 Finsbury Pavement London EC2A 1SX

Graduate ACMAs

aged 30-40
to £35,000 + car & benefits

Recent developments in technology and ever increasing competitiveness in the market place means that our clients demand rapid yet high quality solutions to increasingly complex problems. As a member of our successful management consultancy, your ability to provide those answers will soon be tested.

Based in London, Birmingham or Manchester you'll be helping some of the country's most prestigious and innovative enterprises; working with senior management on substantial projects which will have a real impact on profitability and efficiency.

Our rapid growth means we now seek additional high calibre graduate ACMAs, with line experience of financial and management accounting. Involvement in large scale MIS projects is essential, perhaps in a consultancy role. Experience should include at least one of the following:–

- **Corporate Planning**
- **Feasibility.Profitability Studies**
- **Cost Reduction Exercises**

This is an opportunity not only to combine significant career development with technical challenge, but also to work with bright and highly commited colleagues, often in a multi-disciplinary team. To apply please send full personal and career details (including daytime telephone number) to Martin Manning, quoting reference 3035/FT on both envelope and letter.

Management Consultancy with **Deloitte Haskins+Sells**

P.O. Box 198, Hillgate House, 26 Old Bailey, London EC4M 7PL

"3 MANAGERS WITH TECHNICAL SKILLS"

ACA's 28-35 — CITY OF LONDON — £18,000 – £28,000 + car

Our client is a major "top 15" international firm of chartered accountants with a sophisticated technical department able to accommodate the following:

1. **EDP SUPPORT MANAGER** – probably a Mathematics or Computer Science Graduate ACA with a computer audit background and with an interest in Micro Computing, computer modelling etc., capable of developing Computer Audit "state of the art" software plus reacting to any specialist client need requiring a one-off Computer solution from business planning to treasury models. £25,000 – £28,000 + car.
2. **"HOT" AUDIT REVIEW MANAGER** – ideally a top grade audit manager or assistant manager – graduate ACA from a major firm keen to develop "hot" review procedures at the audit planning stage, mid audit and end of large audit work. £20,000 – £25,000 + car.
3. **TECHNICAL MANAGER** – possibly a high calibre assistant audit manager – graduate ACA keen to get involved on a two year or career basis in producing technical newsletters, accounting policy interpretation briefs and providing technical opinions on practice problems nationwide plus liaison internationally. £18,000 – £25,000 + car.

PROSPECTS

With the increasing demand for the above services within the firm and a rapidly developing potential for fee generating work externally, all three posts could have partner potential.

For more information, please contact George Ormrod B.A. (Oxon) or Stephen Hackett B.A. (Oxon) on 01-836 9501 or write with your C.V. to Douglas Llambias Associates at our London office quoting reference No. 7091.

410 Strand, London WC2R 0NS. Tel: 01-836 9501
163a Bath Street, Glasgow G2 4SQ. Tel: 041-226 3101
India Buildings, Water Street, Liverpool L2 0RA. Tel: 051-227 1412
113/115 George Street, Edinburgh EH2 4JN. Tel: 031-225 7744
Brook House, 77 Fountain Street
Manchester M2 2EE. Tel: 061-236 1553

DOUGLAS LLAMBIAS
Douglas Llambias Associates Limited
Accountancy & Management Recruitment Consultants

QUALIFIED ACCOUNTANT

City Banking House

Licensed Deposit Taking Institution and Licensed Dealer in Securities (wholly owned subsidiary of foreign bank), total staff 20+ but with e wide range of banking activities, seeks e qualified eccountant late 20's/early 30's to head up the Accounting Oepartment and internal edministrative functions.

The company maintains an ISM 34 and the job requirement includes running and developing the accounting end internal audit systems, preparation of statutory and monthly manegement accounts, returns to supervisory euthorities (UK end overseas), monitoring treasury and foreign exchange operations, dealing with personnel metters, taxation, pensions, etc.

Candidate must relete closely to senior management and the menagers of the operationel departments in e small but dynamically growing environment. A competitive salery with usual benefits is being offered to the right person.

Apply with detailed C.V. to:
Managing Director
Box A0257, Financiel Times, 10 Cennon Street, London EC4P 4BY

Internal Audit Manager

£26810 – £28825 p.a. incl.

The Central Electricity Generating Board is looking for a qualified accountant with several years experience in the application of computer systems for financial control and a proven record at senior level in internal audit and/or financial/management accounting.

The successful candidate will have managerial responsibility for the ongoing internal audit service covering Headquarters Departments and associated offices and, as such, will be a senior member of a team under the central direction of the Head of Internal Audit, providing an independent internal audit function throughout CEGB.

The job holder will have a primary responsibility for maintaining and developing a computer audit service to keep abreast of current and impending techniques and applications relating to mainframe (IBM and ICL) and distributed processing computer installations. He/she will be required to plan and co-ordinate the training of internal audit staff in computer based systems, including the formulation of interrogation programs, and to provide specialist advice to outstationed audit teams.

Applications in writing only stating age, qualifications and experience including present salary to the Personnel Manager, CEGB, Sudbury House, 15 Newgate Street, London EC1A 7AU by 30 September 1986. Quote reference 279/86/MG/FT.

The CEGB is an equal opportunity employer.

CENTRAL ELECTRICITY GENERATING BOARD

Tomorrow's Challenge

City — From £20,000 + Bonus + Car

Continually striving to break new ground, our client, a major City service group, is currently diversifying its trading activities within the UK. The group is on the acquisitions trail and committed to substantial growth in the foreseeable future.

Consequently, a qualified accountant is sought, aged 25-30, who can identify with this single minded approach and is eager to take on a variety of challenges. The immediate requirement being the establishment and implementation of financial and management information systems for recent acquisitions, geared to supporting their business objectives both today and in the future.

Career opportunities are exceptional and the position represents a rare opportunity to join the group at an exciting stage of growth and make a positive contribution to its continued success. Salary will not be a limiting factor and the comprehensive benefits package includes an exceptional annual bonus and full relocation expenses where appropriate.

Write with full CV and daytime telephone number to Patrick Donnelly quoting ref: FT/116.

tfi **The Finance Index**
Financial Recruitment Consultants
11 Palmer Street London SW1H 0AB Tel: 01-222 5169/1181

GENERAL APPOINTMENTS

Appear every WEDNESDAY

Rate £41 per single column centimetre

F.D. Designate

North London — £20,000 + car

With a record of continued growth through acquisition and expansion of activities, our client now has e turnover in excess of £2m.

A Financial Controller is sought to balence the management team and to take responsibility for all financial and administrative activities as well as to strengthen cost control end manegement reporting systems.

It is enticipated that the successful candidete will become Finance Director within eix months and progress into e general management role, with en equity interest in the near future.

Applicants are invited from qualified accountants aged 28 to 35 who can offer a practical approach to accounting and financial management in the smaller company environment.

For further information call Brian Coguet FCCA on 01-387 5400 (evenings on 0923 720284) or write to him at the address below.

FINANCIAL SELECTION SERVICES
DRAYTON HOUSE, GORDON STREET, BLOOMSBURY, LONDON WC1H 0AN

Accountancy Appointments

General Appointments
Appear every
WEDNESDAY

Accountancy Appointments
Appear every
THURSDAY

Rates
£41 per
single column
centimetre

Group financial director

Home Counties, c £35,000

C&L

For an innovative and expanding publishing based group with diversifying interests whose turnover this year is expected to be around £30m.

Reporting to the Group Managing Director you will have total responsibility for the financial function. Initially an important aspect of the role will be to improve the effectiveness of the function and to review and develop the group management information systems. You will also play a leading role in merger and acquisition opportunities and in the Group's external financial relationships.

A qualified accountant, probably aged around 40, you will already have made your mark managing a sizeable finance unit servicing a multi-product, high transaction volume environment. Willing to involve your staff, you must be a positive and decisive person with a broad business perspective and good negotiating skills.

Résumés including a daytime telephone number, to Torrance Smith, Executive Selection Division, Ref. S561.

Coopers & Lybrand associates

Coopers & Lybrand Associates Limited
management consultants

Shelley House 3 Noble Street
London EC2V 7DQ

Finance Director

Senior Secretaries Group Ltd

London, W1 — *to £30,000 + car & share options*

This highly profitable Group specialises in placing quality permanent and temporary secretarial staff. Turnover is continuing to increase substantially and further growth and acquisitions are planned. A 1987 USM listing is anticipated.

This is a newly created position within the Group and the Finance Director will report to the Chief Executive. Responsibilities will include financial management systems and administration. Key tasks will be ensuring a successful flotation and evaluating potential acquisitions.

Candidates, probably in their 30's, will be qualified Accountants with the ability to work at a strategic and an operational level. Qualities must include proven management skills and the ability to negotiate confidently with City institutions. Benefits include a car, pension and share options.

Please reply to Kay Rose in strict confidence with details of age, career and salary progression, education and qualifications, quoting reference 1640/FT on both envelope and letter.

Deloitte Haskins+Sells
Management Consultancy Division
P.O. Box 198, Hillgate House, 26 Old Bailey, London EC4M 7PL.

Banking and Leasing Executive

Central London — **£18–22,000 + mortgage etc**

This is an important position within the headquarters of one of the UK's most prestigious financial groups. It is a developing role in a changing environment with excellent prospects.

Working closely with the central banking and leasing manager you will be involved in all aspects of leasing including negotiations with lessors, advising on lease/purchase decisions, management reporting and the financial and accounting aspects of legal agreements. Additional responsibility for providing a full accounting service for the group's leasing subsidiary could also be included for those applicants with the appropriate experience and qualification.

Projects on the banking side will include reviewing the group's banking arrangements and investigating and discussing with major finance houses the provision of new services to support the group's operations and finance new products.

Preferably aged under 35, applicants should have leasing and/or banking experience. A financial or accounting qualification would be an advantage.

Please write with full career details or telephone David Tod BSc FCA on 01-405 3499 quoting reference D/488/RF.

Lloyd Management
125 High Holborn London WC1V 6QA Selection Consultants 01-405 3499

BRIGHT YOUNG ACCOUNTANT

Active Energy Industry Company

London — **to £22,000 plus impressive benefits**

Our client is an American based multi-national with extensive interets in the energy industry, including a strong presence in the bouyant natural gas sector.

The person appointed will be involved in all aspects of corporate reporting, using IBM PC's and NOMAD, the latest fourth generation software. The development of the reporting system will be an integral part of the role. Candidates must be chartered accountants with 2-3 year's post-qualification experience. Familiarity with U.S. reporting procedures would be an advantage.

Career prospects are excellent and the position carries an attractive range of fringe benefits.

Written applications, enclosing up-to-date curriculum vitae, should be submitted in strict confidence to Eric Sutton at our London address, quoting reference no. 1024/6984.

410 Strand, London WC2R 0NS. Tel: 01-836 9501
163a Bath Street, Glasgow G2 4SQ. Tel: 041-226 3101
India Buildings, Water Street, Liverpool L2 0RA. Tel: 051-227 1412
113/115 George Street, Edinburgh EH2 4JN. Tel: 031-225 7744
Brook House, 77 Fountain Street
Manchester M2 2EE. Tel: 061-236 1553

DOUGLAS LLAMBIAS
Douglas Llambias Associates Limited
Accountancy & Management
Recruitment Consultants

NEWLY QUALIFIED ACCOUNTANCY APPOINTMENTS

The Financial Times has arranged with the Institute of Chartered Accountants to publish a list of those candidates who were successful in the recent Part II examinations. We propose to publish the list in our issue of Thursday, September 25, which will also contain several pages of advertisements under the heading of "Newly Qualified Accountancy Appointments." The advertising rate will be £41.00 per single column centimetre. Special positions are available by arrangement at premium rates of £49.00 per scc.

Newly qualified Chartered Accountants are never easy to recruit—do not miss this opportunity! We will also be inluding in this feature a

GUIDE TO RECRUITMENT CONSULTANTS

and entries in the Guide will be charged at £60.00 which will include company name, address and telephone number:

For further details, please telephone:

Louise Hunter
on 01-248 4864

Jane Liversidge
on 01-248 5205

or Daniel Berry
on 01-248 4782

Europe's Business Newspaper

Taxation Specialists

for the largest tax department in British private industry

By recruiting, during the last year, a number of high calibre accountants and Inspectors of Taxes, we have now created not only the largest, but also one of the best tax departments in British private industry.

We wish to augment our team by recruiting two more people of similar calibre. You must be either a graduate qualified accountant, who has passed your accounting examinations at the first attempt and has up to two years experience, specialising in tax, or, a graduate fully trained Inspector of Taxes operating up to and including Inspector (P) level. Preferred maximum age for accountants 28 – for Tax Inspectors 32.

Duties will include a mix of compliance/advisory work, the objective being to assist in the development of plans for legally avoiding, reducing or deferring tax payments.

Career prospects in Group Tax department and within the BP Group as a whole are good. Salaries will depend on age and experience. Other benefits include non-contributory pension, London allowance, subsidised luncheon club and interest free season ticket loan.

If you meet the above requirements and want to know more, please write or telephone for an application form to David Lear, Group Head Office Personnel, The British Petroleum Company p.l.c., Britannic House, Moor Lane, London EC2Y 9BU. Tel: 01-920 6957.

BP is an equal opportunity employer

The British Petroleum Company p.l.c.

SAMUEL LEWIS HOUSING TRUST

FINANCIAL CONTROLLER

London • £23,000 + Car

We are a substantial and progressive Housing Trust controlling a Group of housing organisations, with assets of £42 million and a multi-million pound capital programme. The Group provides homes for ten thousand people through a combination of public and private funding and has an annual turnover of £3.6m.

Reporting to the Chief Executive and supported by a Department of 15 that includes both qualified and part-qualified accountants and a Wang VS60, the Financial Controller has responsibility for the complete financial function of the whole Group. This will include the management and control of the Group's financial assets, controlling the planning and budgeting process, appraising new projects, refining management reporting, systems development and, through the Senior Management Team of which he or she will be a key member, contributing to policy development.

For a practical, experienced and well-qualified accountant with a lively mind and keen commercial sense, this position offers an excellent opportunity to join an energetic and expanding organisation.

The attractive remuneration package includes a car, non-contributory pension and other good benefits.

Please reply with full career details to: Gillian Walton, Personnel Manager, Samuel Lewis Housing Trust, *Knights' Court, 6/8 St John's Square, London ECIM 4DE.* Telephone 01-251 6091.

Croydon & South of England

Our client ALLDERS DEPARTMENT STORES LTD., with 13 stores and a turnover of over £250m, is a major division of HANSON TRUST PLC. As the result of continuing expansion several vacancies have arisen in the accounts department, which is constantly under pressure to respond to the challenge of providing the most up-to-date information possible using the latest computer techniques. Candidates (male/female) who are either ACA, ACMA or ACCA must be self-motivated, flexible and willing to relocate. In return, the company offers excellent career prospects, not only in this division but throughout the Group. In addition to the salaries offered there are attractive fringe benefits. The vacancies exist at two levels:-

Financial Controllers

To £25,000 inc. bonus + car

Each successful candidate will be appointed within less than twelve months as Financial Controller to one of the stores. He/she must possess, as a senior member of the management team, proven administrative skills, with the ability to control a staff of 50. Whilst significant computerisation has already taken place major changes are planned within 1-2 years. A good systems background is therefore desirable coupled with a strong commercial flair. Ref: 1397/FT.

Asst. Financial Controllers

c£20,000 inc. bonus + car

Young accountants will find that the fast-moving world of HANSON TRUST offers opportunities rarely encountered within a single organisation. The vacancies initially will involve working closely with the Financial Director on a variety of assignments, designed to acquaint the successful candidates with all aspects of the company's operations prior to assuming line financial responsibility within 1-2 years. Ref: 1398/FT.

Write or telephone for an application form or send full details (with day-time telephone number and current salary) to R.P. Carpenter, FCA, FCMA, ACIS, 2-5 Old Bond Street, London W1X 3TB. Tel: 01-493 0156 (24 hours).

Phillips & Carpenter
Selection Consultants

ASSISTANT TO FINANCE DIRECTOR

West End — **c.£20,000**

Our client is a public company and is extremely successful in the residential property redevelopment market.

Recent expansion demands the appointment of a chartered accountant, probably in his or her mid twenties, to assist the finance director in managing the accounting function and providing the board with management information. This is an excellent opportunity to gain broad ranging financial experience in a very *successful organisation.*

Please address brief personal and career details to Douglas G. Mizon, quoting reference F/996/M, at Ernst & Whinney Management Consultants, Becket House, 1 Lambeth Palace Road, London SE1 7EU.

Ernst & Whinney

Accountancy Appointments

FINANCIAL CONTROLLER

North London
package to £30,000

Recent changes in the organisation structure of UDT—one of Britain's major finance houses and a member of the TSB Group—has provided this excellent opportunity for appointment to a senior financial post within the Company's largest division whose prime activity is vehicle financing.

The division is now well poised for considerable expansion within its major markets but is aware of the need to maintain proper financial controls while at the same time providing appropriate succession planning within a small but dynamic environment. We therefore wish to recruit an experienced Financial Controller to be responsible for the management and control of financial and management accounting as well as the provision of effective management information and proper cost control.

Suitable candidates, ideally in their early 30's, will be graduates with an MBA or accounting qualification with a proven record of achievement in a large company environment. Experience of the development and implementation of accounting procedures and controls together with the analysis and presentation of management information using data base technology on IBM Mainframe and PC's would be an advantage. You will be a highly committed individual with well-developed interactive and communication skills who is ambitious to take on a role which provides you with an opportunity to play a major part in the future strategy of a fast moving and aggressive organisation.

An attractive remuneration package is offered including non-contributory pension, mortgage subsidy, BUPA and Company car.

Please send a detailed but concise C.V. or telephone for an application form to **Keith Pusey, Controller, Personnel Operations, United Dominions Trust Limited, Holbrook House, 116 Cockfosters Road, Cockfosters, Barnet, Herts EN4 0DY, telephone 01-449 5533 ext. 2395.**

United Dominions Trust Ltd
A member of the TSB

INTERNATIONAL CONSULTANCY IN FINANCE
London base

How much could you contribute to our progress?

In today's Cable and Wireless you'll find Group companies at work in more than 49 countries, providing expert, creative solutions to the most complex telecommunications demands.

It is an approach that has earned us a powerful position in world markets as one of the largest, most innovative organisations in this fast-developing field of high technology.

And it's an approach that now requires the creation, in the London based Finance Department, of a strong team with financial expertise. This will be a central task-force of consultants, on call to assist each operating company in our worldwide network, to continue managing existing business, to meet changing demands and tackle new market opportunities.

For the dynamic and ambitious qualified Accountant, preferably aged 28-35, the brief means being prepared for assignment on a range of projects as broad in diversity as in geography. You should be prepared to spend a significant part of your time at operating companies in the UK and overseas. You must be capable of working on your own and as a member of a team. It is essential that you have the ability to contribute a mature and original approach to assignments which may have a fundamental impact on the future performance of this International Group. Success here could lead to a number of management opportunities at almost any location at which the Group is represented.

Are you confident you could make a real contribution in this environment? Have you had a number of years' post-qualification experience either in a large professional firm or in a progressive commercial company? Have you designed and implemented computerised financial systems?

The salary will be individually tailored to attract the best and benefits will include car, BUPA and relocation expenses where appropriate.

Please send your CV to: Recruitment Manager, Cable and Wireless plc, Mercury House, Theobalds Road, London WC1X 8RX.

Cable and Wireless
Helps the world communicate

AMA Recruitment Specialists
ACCOUNTANCY
FINANCIAL CONTROLLER
Multinational Retail Group
C. £25,000+CAR
ACCA/ICMA/ACA
Min. 2 yrs commercial exp.
Tel. Mr. Stripple
01·631 0875

Advertising Appointments

£41 per single column centimetre and £12 per line

Premium positions will be charged £49 per single column centimetre

For further information, call:

Louise Hunter 01-248 4864

Jane Liversidge 01-248 5205

Daniel Berry 01-248 4782

Finance and commercial director

East Midlands International Airport

East Midlands, £27,000 + car

The Airports Act 1986 will effect major changes in those airports which are currantly owned and controlled by local authorities. They will become Public Airport Companies and commence trading in April 1987. East Midlands International Airport is ona of Britian's leading provincial airports with a turnover of £11 million. Now in its 22nd year it has a throughput of over a million passengers a year and a heavy cargo business.

This newly created position carries total responsibility for its Financial and Commercial Managament. There will be an urgent need to develop financial and management information systems and ensure a smooth transition from public sector accounting methods. Commercially there will be responsibility for terminal management, property, concessions and marketing. The role is therefore highly challenging and varied.

A qualified accountant, you should have had considerable senior financial management experience at operational rather than head office level. You will need to be equally capable of taking a hands-on approach to managing a large department as well as the lead in strategic financial and business planning. Your career should already have broadened into commercial management and any experience in transportation or a similar service industry could be highly advantageous.

Résumés please, including a daytime telephone number to David Owens, Executive Selection Division, reference D200A.

C&L Coopers & Lybrand associates

Coopers and Lybrand Associates Limited
management consultants

22a The Ropewalk
Nottingham NG1 5DT

Finance Manager

Financial services PLC **c.£20,000 + City benefits**

For the CA in his or her late 20s, this is the opportunity to gain that all-important Head Office exposure – with a successful, City-based financial services company.

As Finance Manager, you will be a member of a close-knit and professionally-minded finance team. Your particular responsibilities will include Corporate Treasury and assisting the Company Secretary. However, you will be expected to be involved in all aspects of the running of the Finance Department, including a major redevelopment of accounting systems.

A graduate, you should have gained at least two years' post-qualification experience in the profession or in industry, and now be set on acquiring more specialist skills over the next few years.

The attractive package includes a generous mortgage subsidy, an executive car, a non-contributory pension, and a salary negotiable to attract a progressive individual.

Please send a brief curriculum vitae or telephone for an application form to Financial Institutions Group, quoting Ref: AA54/1034/FT.

PA Personnel Services

Executive Search · Selection · Psychometrics · Remuneration & Personnel Consultancy

Hyde Park House, 60a Knightsbridge, London SW1X 7LE.
Tel: 01-235 6060 Telex: 27874

Financial Director

London **c£25,000 + car**

Our client is an established trading company which has recently merged with an acquisition minded plc. It is now poised for further growth.

As a key member of the management team, the Financial Director will be responsible for all aspects of finance and general administration. This will include all the preparation as well as presentation of accounts and management information, therefore calling for a very flexible and "shirtsleeves" approach.

Applicants should be qualified accountants, preferably aged under 40, with the strength of character to contribute positively in the sometimes volatile environment of a busy trading operation. Relevant experience is therefore essential.

Please write with full career details to David Tod BSc FCA quoting ref D/489/WF.

Lloyd Management

125 High Holborn London WC1V 6QA Selection Consultants 01-405 3499

International Director of Audit

Our client is an international group with substantial interests in the Middle East, Europe and the United States.

A Senior Audit Manager from a firm of major Chartered Accountants, or someone with internal audit management experience in a leading industrial concern, is sought to exercise financial audit and control within the organisation, with a special regard to the Middle East and the United States. Experience in the former territories would be a particular advantage. The position would be based in London and would command a salary of £30,000 plus per annum.

Resumés should be sent to the consultants, advertising this appointment, at the address below. All replies will be treated in the strictest confidence.

The Welbeck Group Limited, Panton House, 25 Haymarket, London SW1Y 4EN.

The Welbeck Group Limited

A MAJOR UK
AND INTERNATIONAL
COMMODITY MERCHANT
based in London requires a

Chartered Accountant

to play a key role
within the finance team

Reporting to the Finance Director, the principal responsibilities will encompass controlling an accounts department of ten people, preparation of monthly management accounts and annual statutory accounts.

The successful candidate will be a qualified chartered accountant, preferably aged between 25 and 35, who is currently working in a trading or commercial environment. It is essential that applicants have the ability to communicate with senior-level management.

The position carries a competitive salary, car and range of other benefits.

Please reply in strictest confidence to:
Box A0272, Financial Times
10 Cannon Street, London EC4P 4BY

Financial Analyst

Make a Significant Career Move Now
Look Forward to Significant Progression in the Future

One of the most successful leisure retailing organisations, our clients have an estate which comprises more than 1,600 restaurants, pubs and hotels. Innovative changes within one of their divisions have generated substantial business growth and subsequent restructuring to ensure that they continue to maintain close control. In their new regional offices in the South Midlands, they now need a high-calibre individual, ideally aged 28-35, who is currently working in a management accounting capacity and is keen to make a significant career move.

In the newly created position of Financial Analyst, you will enjoy a rare opportunity to play a highly influential role in determining the direction that the region's operations should be taking. Reporting to the General Manager, you will be responsible for the preparation of budgets, the setting of targets, the analysis of capital expenditure and the execution of feasibility studies.

A qualified accountant, ideally with experience of business management, you will be an accomplished communicator, thoroughly accustomed to thinking strategically and able to demonstrate that you have the necessary drive to realise the full potential that this position offers. In return, our clients offer a salary of c.£18,000, a generous package of large-company benefits, relocation assistance where appropriate and exceptional prospects for your further career progression.

Please send a full CV, quoting Ref: FT/221, and listing separately any companies to which your application should not be forwarded, to: Jennie Pask, Riley Advertising (London) Limited Rex Stewart House, 159 Hammersmith Road, London W6 8BS.

Riley

ABERDEEN BIRMINGHAM BRISTOL EDINBURGH GLASGOW LIVERPOOL LONDON MANCHESTER NEWCASTLE NOTTINGHAM

Confidential Reply Service

Group Financial Accountant

International Group

W.1. **£18,000 +**

Our client is the holding company of a large worldwide group whose activities encompass travel, transport and freight forwarding.

Recently qualified (ACA, ACCA, ACMA) you will ideally have some exposure to a group accounting environment and now be keen to assume a more challenging role.

Duties will include the development of management reporting systems, financial analysis plus the preparation of monthly and quarterly consolidated information.

Ref: 3318

Financial Analysis

Major Financial Services Group

City **£20,000 +**

Our client, the London branch of one of the leading US Financial Services Groups with offices worldwide, has an exciting opportunity for a recently qualified Accountant to report directly to the Finance Director.

Ideally with some exposure to the Stock Market you will join a newly formed International department dealing in a wide range of services including Securities and Corporate Finance.

Ref: 3319

For further information about these positions please telephone Richard Green.

Dunlop & Badenoch

Financial Recruitment 60 Mark Lane, London EC3R 7NE. Tel: 01-265 0377

SECTION II – COMPANIES AND MARKETS
FINANCIAL TIMES
Thursday September 18 1986

ACEC axing 1,140 jobs in bid to stem losses

BY TIM DICKSON IN BRUSSELS

ACEC, the Belgian electrical engineering group based in Charleroi, has announced that 1,140 jobs will have to go as part of the company's restructuring plan and determined ambitions to return to profitability.

The figure is almost one quarter of the 4,800 parent company staff and represents a further blow to the Wallonia region of the country following last week's news of more redundancies at the Cockerill-Sambre steel group.

ACEC, which was founded in the last century and is one of Belgium's oldest industrial companies, is 51 per cent controlled by a joint Belgian – Franco venture, itself owned by Société Générale de Belgique and Compagnie Générale d'Electricité of France. The two groups in March 1985 between them bought the ACEC stake of the US Westinghouse company, which had long-standing financial and industrial links with the Charleroi concern.

The restructuring plan, which aims to bring the company back to profitability in 1988 and to restart dividend payments in 1989, has already involved a BFr 1.5bn ($35.5m) capital increase completed in July and is now concentrated on increasing the competitiveness of its products and services "and adapting structures to the volume of work."

ACEC said yesterday it aimed to sell its electrical transformer division and that it was discussing the sale of two other businesses which have not been identified.

ACEC's activities include thermal, hydro-electric and nuclear electrical production and distribution, transport equipment for rail systems and shipping, and telecommunications equipment from space satellites to cable television.

Under its new owners, the company's plan is to reorientate its activities towards high technology businesses. For example, the aim is to increase the sales of electronic and telecommunications products from 32 per cent of the total to about 44 per cent in 1989 while electromechanical activities are expected to drop from 48 per cent to 34 per cent of the total.

ACEC reported a BFr 1bn consolidated group loss in 1985 after exceptional provisions for the anticipated "social restructuring" and is expected to announce a deficit of a similar size in 1986 and 1987 before moving back into the black in 1988.

The company said most of the redundancies could be achieved by natural wastage

Ericsson joins DEC in bank venture

By Sara Webb in Stockholm

ERICSSON Information Systems, part of the Swedish telecommunications and electronics group, and Digital Equipment Corporation (DEC), the world's second largest computer manufacturer, have agreed to join forces in increasing their worldwide market share of banking information systems.

Under the agreement, the two companies will set up a joint research and development venture later this year to develop integrated software and systems for the banking market.

The R & D project will be based in Sweden, either in Stockholm or Linkoeping, with Ericsson and DEC splitting the cost. DEC will provide the chairman and Ericsson will supply the managing director.

The two companies want to combine their efforts and step up their share of the market for banking information systems, mainly in the US and Europe.

DEC is to provide the "back office" equipment, chiefly in the shape of its Vax computer system, while Ericsson information systems plans to provide the "front office" equipment, namely the terminals and tellers.

The two companies have devised a test model consisting of Ericsson Terminals, keyboards, card reader, personal identity number unit, office printer and passbook printer, connected to DEC computer systems.

Kuwait buys into Spanish paper maker

By Our Madrid Correspondent

KUWAIT has taken a substantial minority stake in Spain's third largest paper manufacturer, Torras Hostench, through a Dutch intermediary, according to a spokesman for the Spanish company.

The shareholding, acquired through a company called Kokmeeuw Onroerend Goed, is thought to be in excess of 25 per cent and is expected to increase to majority control, subject to government authorisation.

The operation reinforces the presence which the Kuwait Investment Office (KIO) has built up in Spain in the last two years, part of it in the hotel business. Its total Spanish interests are now rumoured to be in the region of Pta 60bn ($446m). KIO subsidiaries have already acquired control of two smaller paper companies, Inpacsa and Papeleria Riera.

Torras Hostench, which is quoted on the Barcelona stock exchange, has emerged from a successful recovery programme after running into a debt crisis which led it to seek court protection from creditors three years ago. Last year it increased its net profits from Pta 194m to Pta 1.63bn.

Bids for ITT Spain manufacturing confirmed

BY DAVID WHITE IN MADRID

COMPANIA TELEFONICA Nacional de España, Spain's semi-state telecommunications concern, confirmed yesterday that both Siemens of West Germany and Northern Telecom of Canada had made approaches for taking over ITT's Spanish manufacturing operations.

But it made clear that no proposals would be considered until Telefonica had completed its negotiations over the planned European joint venture between France's Compagnie Générale d'Electricité and ITT.

Telefonica, which initially said it would take 10 per cent of the new group, wants the joint venture to have a broader European profile and insists it should take responsibility for streamlining measures at ITT's subsidiaries, Standard Electrica and Marconi Española.

Telefonica has a shareholding of just over 20 per cent in Standard Electrica, which is Spain's principal manufacturer of telecommunications equipment, with 1985 sales of Pta 59bn ($440m).

Siemens' and Northern Telecom's preliminary bids are geared to the possibility that the new European group will fail to take shape or that Telefonica will pull out. Leaks of the bids to the Spanish press have obviously embarrassed Telefonica in its negotiations.

Restructuring at Standard is estimated to require further cutbacks of up to 6,000 jobs.

Skandia to increase US capital

BY KEVIN DONE IN STOCKHOLM

SKANDIA International, the Swedish international insurance group, is to increase the equity capital of its US operations from $150m to $250m in order to take advantage of rapidly improving prospects in the US insurance market.

Skandia is one of the oldest established reinsurance companies in the US, but in common with the rest of the US insurance industry has run into serious financial problems in recent years.

The company said yesterday, however, that premium rates in the US in most lines of business had more than doubled since 1984, which had created possibilities for profitable expansion.

La Fondiaria ahead by 9%

By John Wyles in Rome

LA FONDIARIA, Italy's seventh largest insurance company in which Montedison now has a 37.5 per cent stake, yesterday announced its net profits increased last year by 9.1 per cent to L60bn ($42.6m).

The Florentine company's net premiums rose by 22.2 per cent to L1,275bn in comparison with 1984. Realised investments were 25.3 per cent higher at L2.157bn to yield a net profit of L223bn. Shareholders' equity rose by 44.3 per cent L414bn.

BANKAMERICA'S FORTUNES SAG UNDER RISING LOAN LOSSES

Sliding further down the slope

BY WILLIAM HALL IN NEW YORK

IN FIVE WEEKS 5,000 top US bankers will be descending on San Francisco for the annual convention of the American Bankers' Association and while they will be spending many hours debating such weighty topics as US banking reform and the changing tax laws, many will be making some discreet enquiries about the health of their unofficial host, the 82-year-old Bank of America.

The San Francisco-based banking group, which until a few years ago was the biggest bank in the world, has been sliding downhill under the weight of rising loan losses for several years. But in the last few months, there have been signs that the pace has been accelerating and many analysts on Wall Street have lost confidence in management's repeated assurance that the worst is over.

Since mid-July when BankAmerica, parent of Bank of America, stunned Wall Street by reporting a second-quarter loss – the second biggest loss in US banking history – the news coming out of San Francisco has been uniformly bad.

Last month Mr John Poelker, the group's recently hired chief financial officer, quit after five months and a few days later Mr Charles Schwab, one of the bank's younger directors and chief executive of its highly successful discount brokerage operation, announced his resignation from the board of directors.

Meanwhile, news has been leaking out of piecemeal moves to slim down the size of the group's international operations in a way which does not give the impression that the group is following some well thought out masterplan. In the past month the group has quietly dropped plans to establish a retail banking operation in Australia and is scaling down its retail banking operations in Argentina.

Last week Bank of America confirmed it was considering selling its highly profitable Italian banking operations in a move which would have been unthinkable a few years ago given the bank's strong Italian-American heritage.

This week the bank announced that although the group said Mr Poelker would remain until a successor was found, be has now left. This is just one more reason why the financial markets are nervously eyeing the condition of America's second biggest banking group with assets of $117bn, shareholders funds of $4bn and non-performing loans of around $5bn.

BankAmerica's financial condition is cause for concern. Its primary capital ratio of 6.14 per cent is above the regulatory minimum but analysts are expecting the group to report another loss in the current quarter before special gains on property sales are taken into account.

BankAmerica spilled over into the rest of the financial markets earlier this week, fuelling a wave of unsubstantiated rumours which the group angrily dismissed

In early trading yesterday BankAmerica's shares slipped by $¼ to a new low of $11½, capitalising the group, which has over 1,000 branches and employs more than 80,000 staff, at just $1.8bn.

Wall Street analysts said there appeared to be no truth in the wild rumours that were swirling through the financial markets, "When you get a company on the ropes like this it is prone to rumours," said Mr Jim McDermott, research director of Keefe, Bruyette & Woods, a leading firm of US bank stock analysts.

"The managerial challenge of restoring Bank of America's fortunes is enormous and it requires someone with big bank expertise," says Mr McDermott, who in common with many leading bank analysts believes that a top management change is long overdue there.

While analysts are sympathetic to the group's deep-seated problems, which result from its heady growth rate in an earlier inflationary climate, they argue that Mr Sam Armacost, the chief executive, and Mr Leland Prussia, the chairman of the holding company, have had long enough to turn round Bank of America.

One possible candidate for the top is Mr Walter Wriston, the former chief executive of Citicorp, who has kept a surprisingly low profile since he retired two years ago.

Rumours of senior management changes at Bank of America have been common for some time and there is no immediate reason to suggest that any are planned, but some Wall Street analysts believe that the appointment of a new chief executive at BankAmerica would be the sort of symbolic change which would be sufficient to quiet the unease in the financial markets

In the absence of any such move, which would almost certainly have to be done with the implicit blessing of US bank regulators, analysts are focussing on the group's ability to continue funding itself successfully in the international money markets.

Unlike Continental Illinois, which had to be rescued by US bank regulators after a run on its deposits in 1984, the Bank of America is a net supplier of funds to the international markets. The group's huge Californian retail banking network is always flush with funds and according to a report in yesterday's American Banker newspaper, Bank of America lends an average of $45bn a day to other banks around the world. The group is paying more for its money than many of its rivals and this is depressing its margins, but it does not appear to be having any difficulty raising money to fund its large overseas operations.

However, analysts note that international banks are not always as loyal as Bank of America's small customers in California and if there were problems in this area this could force US bank regulators to act.

A number of pessimistic Wall Street bank analysts believe that the US authorities will eventually have to step in and help the bank.

These views are still in a minority but Wall Street analysts are sceptical about the willingness of another major US bank to try and take over Bank of America. The problems are too large.

TRADING IN BankAmerica Overseas Finance Swiss franc bonds due 1993 was suspended in Zurich yesterday after the bonds fell by the maximum allowed in a day but recovered some lost ground in Basle later, AP-DJ reports.

Rumours on Tuesday that the issuer's parent, BankAmerica, was facing new financial difficulties triggered the selling, dealers said. The bank and US banking regulators denied the rumours as groundless.

The bonds were offered initially at 85 on the Zurich exchange compared with Tuesday's close of 90½. That exceeded the daily price movement limit of five points and forced an immediate suspension. Trading also was suspended on the Geneva exchange.

The Union Bank of Switzerland, which lead managed the issue when it was launched in 1978, said the market for seasoned issues like this was fairly limited

NON-PERFORMING LOANS AS A PERCENTAGE OF EQUITY

	per cent
BankAmerica	115.6
Manufacturers Hanover	62.6
Wells Fargo	57.8
Security Pacific	54.2
First Interstate	48.5
Chemical	46.6
Chase Manhattan	44.3
First Chicago	41.6
Citicorp	33.1
J. P. Morgan	14.6

Source: Donaldson, Lufkin & Jenrette

INTL. COMPANIES and FINANCE

Saurer loses 700 jobs

BY JOHN WICKS IN ZURICH

SAURER, the Swiss engineering concern, is to close its textile machinery division in Arbon with a loss of 700 jobs.

As a result company turnover will drop to some SFr 200m ($125m) next year. In 1985 sales totalled SFr 564m or about SFr 400m without remaining vehicle orders.

The company said yesterday it had been faced with serious technical problems with its weaving machinery. At the same time the completion of new models would take a long time and call for high investments.

Saurer, which is phasing out its production of commercial vehicles, will in future work mainly on orders farmed out by Sulzer Brothers of Winterthur. Other Swiss activities will continue in such fields as embroidery machines, thermoplastics, vehicle and helicopter maintenance and model building.

Operations will continue at Berna, part of the Swiss surface treatment subsidiary, and the West German twine machinery manufacturer Saurer-Allma. However, the group is to divest its French subsidiary Saurer-Diederichs.

Of the 700 jobs lost in Arbon, between 250 and 350 will result in redundancies.

After a 1985 parent company profit of SFr 3.2m, the current year is expected to show a small loss. Operational results will have fallen sharply due to the disappointing textile machinery sector. However, Saurer forecasts operational profits in 1987 and 1988.

Moët-Hennessy earnings rise

BY PAUL BETTS IN PARIS

MOET-HENNESSY, the leading French champagne and cognac group, has reported an 11 per cent increase in first half pre-tax earnings this year to FFr 615m ($92m) compared with the same period last year.

The earnings improvement reflects lower financial charges and currency operation hedging, the company said.

Pre-tax earnings from the champagne sector rose by 20 per cent in the first half to FFr 288m as a result of strong export performance. Perfume and beauty products earnings rose by 12 per cent to FFr 93m while cognac profits, after a record year in 1985, declined by 2.8 per cent to FFr 286m.

The interim results are in line with group budgets. Earlier this year the company forecast an increase in net profits of around 10 per cent for the whole of 1986.

The group turned in a strong performance in 1985 with annual net profits rising by 27 per cent to FFr 696m on a gain of 12 per cent in sales to FFr 7.7bn.

As with the trading pattern so far this year, the main driving force in 1985 was Moët's champagne business which pushed pre-tax earnings up by 22 per cent.

Profits inch up at Pirelli SpA

By Alan Friedman in Milan

PIRELLI SpA, the Italian holding company which controls 46 per cent of the Pirelli tyre and cable group, last night unveiled a lacklustre 5 per cent rise in its net profit for the year ended June 30 to L50.5bn ($35.7m). The 1985-86 12-month profit increase is below the average inflation level for the period so that in real terms the profit is down.

Pirelli did not disclose any other details except to say it will propose a L100 dividend per ordinary Pirelli SpA share against L90 per share last year. At the group level, profits in the first six months of this year had improved and the full year outlook was favourable.

Aside from Pirelli SpA, the group's structure also consists of Société Internationale Pirelli in Basle, which has another 46 per cent of the group's operating companies in 16 countries, and Pirelli Societe Generale; also in Switzerland, with the remaining 8 per cent.

US loan body accused

BY ANATOLE KALETSKY IN NEW YORK

THE US Securities and Exchange Commission has filed a suit against American Savings and Loan Association of Florida in connection with ESM Government Securities, the small bond trading house whose collapse in March last year sent ripples through the US thrift industry.

The suit alleges that American Savings and Loan and Mr Marvin Warner, a former director, failed to disclose material information in its public filings. Among the matters allegedly not disclosed was a $1bn transaction with ESM Government Securities and a share transaction involving Mr Warner.

American, which is the fourth largest thrift institution in Florida, has denied the charges, saying the alleged reporting deficiencies related to arbitrage transactions which were fraudulently represented to its management as risk-free. The institution pointed out that its current management was responsible for measures taken early in 1985 which contributed to the uncovering of the ESM fraud and significantly reduced the resulting losses.

American lost $55.3m as a result of transactions with ESM but will be recouping $22.5m of that through a settlement with ESM's auditors.

Unexpected cuts at Steyr

STEYR-Daimler-Puch, Austria's troubled vehicles and weapons group, has disclosed that it will shed 2,550 workers by the end of 1987. Of these about 1,350 would go before the end of this year, writes Patrick Blum in Vienna.

The decision came as a surprise since in July the company reduced from 800 to 450 the number of workers it planned to lose this year as part of a restructuring programme. The company's workforce now stands at about 13,000.

BNP sees 41% jump in first half profits

By David Marsh in Paris

BANQUE NATIONALE de Paris, the largest French nationalised bank, yesterday announced a 41 per cent increase in first half net consolidated profits to FFr 1.41bn ($210m) from FFr 993m in the first half of last year.

The increase, indicative of generally higher French banking profits this year, showed that BNP was on the way to registering total 1986 net profits of around FFr 2.8bn, compared with FFr 2.1bn last year, a BNP spokesman said.

The first half profits were achieved in spite of a continued effort at stocking up BNP's provisions on loan risks, which rose slightly to FFr 2.4bn from FFr 2.3bn. Group operating profit rose to FFr 4.9bn from FFr 4.2bn.

BNP, in common with the other big French banks, has now decided to publish half-yearly profit figures, breaking with its previous policy of giving figures once yearly only. The nationalised banks now have substantial numbers of private non-voting shareholders under issues recently made on the Paris bourse, and they expect to be sold back fully to the private sector as part of the Government's denationalisation programme.

Baltica doubles its income

By Hilary Barnes in Copenhagen

BALTICA, the Danish insurance group, improved first-half earnings from insurance from DKr 96m to DKr 198m ($25.7m) and forecast earnings for the year would be about DKr 250m. In 1985 there was a loss of DKr 255m on insurance business as a result of large reinsurance losses.

First-half earnings after financial income increased from DKr 97m to DKr 138m and after capital gains were increased from DKr 450m to DKr 481m.

Gross premium income in the first half was down from DKr 3.15bn to DKr 2.91bn while equity capital increased from DKr 2.92bn to DKr 3.50bn.

INTERNATIONAL CAPITAL MARKETS and COMPANIES

NatWest takes aim at the individual US investor

BY DAVID LASCELLES, BANKING CORRESPONDENT

NATIONAL Westminster Bank could have chosen a slightly better moment to announce its £121m international share issue yesterday: world stock markets have seen better times, and bank stocks are a particular worry.

But its decision to go ahead with a listing in New York is rooted in deeper strategic considerations than just catching the markets at the right moment. The UK's largest clearing bank is keen to have more international shareholders to support its global ambitions and reinforce the image of a world-class financial institution.

Lord Boardman, the chairman, said yesterday that the exercise would enhance the group's standing in international capital markets, broaden its shareholder base and stimulate more investor interest.

Not that NatWest's move is a pioneering one. Many of the world's largest banks are now listed on several stock exchanges around the globe, and NatWest's chief UK rival, Barclays Bank, has beaten it to both New York and Tokyo. What is new is that NatWest decided to support the New York listing by issuing over 24m new shares specifically for US investors in what is expected to be the first deal of its kind by a foreign bank.

The advantage of this, NatWest believes, is that it will help "prime the pump" for trading by creating a liquid pool of shares on the exchange. Mr Charles Green, the general manager for financial control, said: "We have been advised that making a public offering is a helpful way—particularly if your shares are not well-known — of enabling an effective market to develop." The fact itself of a special US issue should also create a certain amount of interest among US investors who have only recently begun to look at foreign bank stocks at all closely.

A further consideration is that NatWest wants to ensure that its shares are bought and traded by individual investors rather than just institutions. Experience has shown that US institutions can be rather fickle, and when other foreign companies have issued shares in the US these have quickly migrated back to their home markets, with British Telecom being the most-cited case.

NatWest could have packaged

Lord Boardman: Enhancing NatWest's international standing

some of its existing shares into American depositary receipts (ADRs) rather than create new ones. It does not, after all, have a pressing need for the £121m of new capital which the exercise will bring, having carried out a £714m rights issue only three months ago. But the view in NatWest's Lothbury headquarters is that it would have been virtually impossible to assemble the huge number of shares needed without disrupting trading in London and alerting the market that something was cooking.

Nevertheless, there was some scepticism in London yesterday as to whether NatWest need have gone to such lengths, particularly since it will have to pay costs of about £7m, including tax and New York investment bankers' fees. One London bank analyst pointed out last night that costs total over 5 per cent of the likely proceeds, compared to only 1½ per cent for the July rights issue. "I wonder who is going to benefit from this except the investment bankers," he commented.

The UK Treasury will also benefit. The ADRs will attract the new 1½ per cent tax introduced by the Chancellor in the last Budget (scaled down from the 5 per cent originally proposed) plus a 1 per cent capital duty on the creation of new shares.

Since NatWest wants its new US shareholders to obtain the value of their shares, the remaining costs will be borne by the bank itself, in other words, by its present shareholders.

Barclays began trading in New York last week without a special issue of shares. But it is too early, and trading has been too light, to say whether that route is any better. Several other UK non-banking groups have accompanied their New York listings with issues of new shares, including Cadbury Schweppes, Saatchi and Saatchi and Reuters.

NatWest's issue is also going ahead without any pre-emptive rights being granted to its existing shareholders, reinforcing the trend away from that time-honoured practice. NatWest has obtained permission from its shareholders at successive annual meetings to issue up to 5 per cent of the outstanding stock without pre-emption. In fact, the New York issue would be virtually impossible to arrange if the shares had first to be offered to the bank's existing owners. However, these will have the chance to object at the special meeting which is being called on October 14 to approve the deal.

At the moment NatWest has fewer than 1,00 US shareholders out of a total of some 100,000, and they hold a tiny proportion of the bank's capital. If the new issue is fully taken up in the US, the proportion will rise to about 4 per cent.

The issue is being made at a time when Wall Street has begun to analyse the UK clearing banks and produce research reports. Last June Salomon Brothers put out a report which singled out NatWest as the clearer "with the best fundamentals."

FT INTERNATIONAL BOND SERVICE

Listed are the 200 latest international bonds for which there is an adequate secondary market. Closing prices on September 17

US DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Amoco Co. 9¾ 16	200	[illegible]	[illegible]	[illegible]	−1	9.45
Atlan. Richfield 10¼ 00	250	[illegible]	[illegible]	[illegible]	[illegible]	9.32
Australia Com. 11 95	200	[illegible]	[illegible]	[illegible]	[illegible]	8.71
Australia Com. 11¼ 00	100	[illegible]	[illegible]	[illegible]	[illegible]	9.42
BP Capital 9⅛ 94	300	[illegible]	[illegible]	0	[illegible]	8.66
BP Capital 11⅛ 92	150	[illegible]	[illegible]	[illegible]	[illegible]	8.72
Campbell Soup 10½ 95	100	[illegible]	[illegible]	0	[illegible]	8.66
Canada 9 96	1000	[illegible]	[illegible]	[illegible]	[illegible]	8.11
Canada 11½ 90	500	[illegible]	[illegible]	[illegible]	[illegible]	7.42
Canadian Pac. 10⅛ 95	100	[illegible]	[illegible]	[illegible]	−1	9.02
CEPME 10⅛ 91	100	106	[illegible]	[illegible]	0	8.11
Credit Lyonnais 9 91	200	[illegible]	[illegible]	[illegible]	[illegible]	7.71
Credit National 9½ 93	150	[illegible]	105	[illegible]	[illegible]	8.13
Denmark Kingdom 7 89	500	[illegible]	100	[illegible]	[illegible]	7.36
Denmark Kingdom 7⅞ 95	250	96	[illegible]	[illegible]	[illegible]	8.89
Denmark Kingdom 8⅛ 91	500	[illegible]	[illegible]	[illegible]	[illegible]	7.49
Deutsche Bank Fin. 8 96	110	[illegible]	[illegible]	[illegible]	[illegible]	8.37
EDC 8½ 92	100	[illegible]	[illegible]	[illegible]	[illegible]	7.77
EEC 8⅞ 96	100	[illegible]	[illegible]	[illegible]	[illegible]	8.69
EEC 8⅞ 91	150	[illegible]	[illegible]	[illegible]	[illegible]	7.38
EEC 9⅝ 90	350	[illegible]	[illegible]	[illegible]	[illegible]	7.75
EIB 10⅛ 94	200	109½	110	[illegible]	[illegible]	8.55
EIB 12 95	200	123	123½	0	−1½	8.12
Eurofima 7⅞ 91	100	[illegible]	[illegible]	[illegible]	[illegible]	7.52
Export Dev. Cpn. 10 90	100	[illegible]	[illegible]	[illegible]	[illegible]	7.43
Finland 7½ 93	200	[illegible]	[illegible]	[illegible]	[illegible]	8.00
Ford Motor Cred. 10⅛ 91	150	[illegible]	[illegible]	0	−1	8.47
Ford Motor Cred. 11⅞ 90	100	[illegible]	[illegible]	[illegible]	[illegible]	7.76
Gen. Elec. Cred. 10⅛ 00	200	106½	107	[illegible]	[illegible]	9.34
GMAC 10⅛ 89	200	106½	107	[illegible]	[illegible]	7.39
GMAC 8½ 93	200	[illegible]	[illegible]	[illegible]	[illegible]	8.39
IADB 9⅞ 95	200	109	109½	0	−1½	8.39
Liberty Mutual 8½ 96	150	[illegible]	[illegible]	[illegible]	[illegible]	8.51
LTCB of Japan 8 91	100	101	101½	[illegible]	[illegible]	7.68
Merrill Lynch 8⅛ 91	200	†103½	104	[illegible]	[illegible]	7.48
Mercds.-Benz Cred. 7½ 93	100	[illegible]	[illegible]	[illegible]	−1	7.85
New Zealand 8⅞ 93	150	[illegible]	[illegible]	[illegible]	[illegible]	8.36
Norway Kingdom 7⅛ 91	500	[illegible]	[illegible]	0	[illegible]	7.50
Pepsico Inc. 7⅞ 95	200	[illegible]	[illegible]	[illegible]	[illegible]	8.11
Proct. & Gamb. 'A' 9⅞ 92	150	106	106½	0	[illegible]	8.53

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Amer. Ex. OS Cr. 0 91 A$	100	[illegible]	[illegible]	[illegible]	[illegible]	15.20
Britannia Liabl. 12⅛ 91 A$	30	[illegible]	[illegible]	[illegible]	[illegible]	13.36
Fiat Finance 14⅛ 89 A$	50	[illegible]	[illegible]	[illegible]	[illegible]	14.28
GMAC 12⅞ 89 A$	40	[illegible]	[illegible]	[illegible]	[illegible]	13.82

AVERAGE PRICE CHANGES — FLOATING RATE NOTES — CONVERTIBLE — DEUTSCHE MARK STRAIGHTS — SWISS FRANC STRAIGHTS — YEN STRAIGHTS: [illegible]

* No information available—previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for US dollars. C.cpn=The current coupon.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Australian bank issues $250m floater

By Our Euromarkets Staff

THE EUROBOND market continued quiet and cautious yesterday with few new deals appearing. Those that did were prudently priced in view of the uncertain climate and were well received.

National Australia Bank became the latest Australian bank to take advantage of a recent reserve bank ruling allowing perpetual subordinated debt issues to be treated as capital. Its $250m floating rate note was led by Merrill Lynch Capital Markets, which detected no resistance to Australian names despite recent concern about the country's economic woes.

With interest set 15 basis points above six-month London interbank offered rates, the deal traded at discounts smaller than its total fees. The issue is callable after five years.

Prudential Funding, a unit of Prudential Insurance of the US, made a $125m issue which was increased within minutes from $100m. Led by Prudential Bache Securities, the bonds were priced at 101 with an 8 per cent coupon and seven-year maturity.

These terms gave a margin at launch, net of fees, of 75 basis points above US Treasuries of the same maturity. This was seen as correctly pricing for the triple-A rated borrower and also traded within its fees.

Dollar Eurobonds generally edged firmer in the secondary market although retail investors continued to stay away. There was, however, some encouragement from news of US industrial capacity use and housing starts figures, which were in line with expectations.

Nomura International brought a Y25bn five-year issue for a subsidiary of Sumitomo Corporation with the parent's guarantee. It followed the recent fashion for high coupons and high prices, with a price of 115 on a coupon of 8½ per cent.

In Switzerland, Ishihara Sangyo Kaisha, a maker of titanium oxide, made a SFr 100m private placement, led by Swiss Volksbank. The 5½ year convertible deal was priced at par with an indicated 1½ per cent coupon. Terms on the SFr 100m XR Capital Holding issue on behalf of ICN Pharmaceuticals were fixed as indicated.

The Swiss market was little changed, with investor interest in new issues remaining restrained. The SFr 200m Tokyo Electric Power issue closed at 98½ after entering the market at 97½ and compared with an issue price of par.

The Zurich Stock Exchange is expected to resume trading today in a BankAmerica Overseas Finance issue, made in 1978, which was suspended on Tuesday after falling the five-point daily limit to 85. The bank's Swiss subsidiary said it would support the issue.

In West Germany, Ryobi, a Japanese component manufacturer, made a DM 60m issue with equity warrants, and carrying the guarantee of Mitsubishi Bank. The eight-year issue, led by DG Bank, has an indicated coupon of 1½ per cent and was quoted around its total fees.

The D-Mark market was very slow and mixed, seeking guidance from New York.

Unofficial trade reported in Chinese bonds

Unofficial bond trading has sprung up beside the month-old bond market in the city of Shenyang, the first in China since the communists took power in 1949, the Economic Daily newspaper said yesterday, reports Reuter from Peking.

The paper said some officials were so distressed at the unofficial trading that they had proposed to stop it, but they had been overruled by leaders of the north-eastern industrial city.

The bond market, run by Shenyang Trust and Investment Corporation had prospered, said the newspaper, with nearly 200 bonds a day changing hands during the first 10 days of trading.

The official exchange charges a commission of between 0.4 per cent and 2 per cent of the face value of the bonds, which are issued by enterprises to finance renovation.

The newspaper quoted economists as saying that it would not be long before China had its first post-revolution stock exchange and even private brokers. But although the newspaper hailed the Shenyang experiment as a breakthrough, it warned against copying it uncritically elsewhere.

It said the Shenyang bond market was started by the city government to ensure a healthy growth of the bond sales some enterprises had already developed. Over the last 18 months a total of 290m yuan ($78m) had been raised by 277 firms.

John Wicks in Zurich reports on a dilemma for bankers

Swiss hold cards in Dome rescue

THE FATE of Dome Petroleum, the Canadian oil and gas group, will be decided in Switzerland, as well as the other side of the Atlantic. The troubled Calgary company has called on holders of three Swiss franc securities to waive all interest payments and capital redemption rights from October 28 until at least the end of next February. Dome's continued existence as a going concern depends on the success of current negotiations, according to a company statement.

The Swiss franc segment of Dome's capital market debt consists of SFr 100m worth of 6 per cent notes due to mature at the end of next month, a SFr 100m bond issue running from 1981 to 1990 and bearing a coupon of 7.25 per cent, and a further SFr 100m worth of 1981 bonds, in this case with a 5.75 per cent coupon and a 1991 maturity date.

The waiver would come into effect only if a majority of holders of each of the three securities—and a total of 70 per cent of the outstanding sum—were to agree to the proposal. At the same time, similar concurrence would be essential on the part of holders of five US dollar papers with a combined nominal value of over $228m.

For its part, Dome would make an extraordinary payment on October 31 of all outstanding interest accrued up to that date.

At present, there is some doubt in Switzerland as to how things will turn out. This is the first time that an arrangement of this type and this scope has even been suggested on the Swiss franc market, so bankers and investors are uncertain what to make of it. There is definitely a feeling that Dome will have to provide a lot more information to convince bond and note holders.

Credit Suisse, which had been the lead bank in the underwriting of the Swiss franc issues, is waiting for full details of Dome's status and problems, due at the beginning of this week. These details, incidentally, will arrive at the same time as waiver forms become available via Swiss banks.

An informatory meeting — described by one banker as a sales promotion for recapitalisation—is to be held in Zurich, but not until September 30.

According to Mr Albert Keller, of Credit Suisse's capital markets division, the banks will not only have to study the detailed Dome report, but also wait for the reaction of creditors in the stronger secured-loan category.

Given the fluid situation, Mr Keller is unable to predict whether Credit Suisse will issue any public pronouncement on the Dome proposals before the Zurich meeting — or at all. The same doubtless applies to other banks; Union Bank of Switzerland and Swiss Bank Corporation decline to comment on the Dome case and refer queries to Credit Suisse. The last mentioned bank is also passing on facts to the country's 29 cantonal institutes through the Basle Cantonal Bank.

This does not mean that all banks will necessarily share a single view on the proposals. "We shall pass the information on and every bank can interpret it as it thinks best," says Basle Cantonal Bank's Mr Markus Walliser. Credit Suisse itself continues to advise its clients to consider the Dome proposals as a "reasonable solution."

It is hard to tell how much opposition there is in Switzerland to the waiver. Credit Suisse has considered whether a bondholders' committee ought to be set up, but came to the conclusion that this is not necessary—or at least not yet. Some dissatisfaction is already being expressed among investors, however, and there seems a chance that some kind of organised opposition will emerge on or before September 30.

Nobody knows how easy it will be, in any case, to mobilise 70 per cent approval. Bond and note holders have admittedly been informed by a large Dome announcement in the press, via information addressed to paying agents and by the banks own informing of their clients.

Apart from any opposition to the oil company's suggestions, though, it is uncertain what percentage of the banks' mail will actually reach investors in time. While the almost entirely institutional note-holders can be easily contacted, a not inconsiderable share of the private bondholders leave mail with the bank on a *poste-restante* basis.

Also, it is likely that only a minority of the bondholders have granted their banks a general power of attorney to vote for them. According to the guidelines of the Swiss Bankers' Association, banks may give proxy votes only if empowered by a general or special authorisation—and must vote according to clients' wishes, even if these go against their own convictions.

Dome Petroleum has announced a further round of redundancies as part of efforts to stem mounting losses, writes Bernard Simon in Toronto.

The release of 150 employees, mainly from the company's frontier, exploration and production and development departments, coincides with Dome's presentation of an extensive recapitalisation plan to its 54 international creditors, copies of which went to Dome's lenders on Monday. The plan includes a proposal that banks convert a large segment of their C$6bn (US$4.28bn) worth of loans into securities, their value being linked to international oil prices.

The lenders agreed earlier this year to waive interest and principal payments on the bulk of their loans temporarily while the restructuring plan is negotiated.

Dome incurred a C$182m loss in the first half of this year following the slump in oil and gas prices. The company laid off 150 workers last April and announced a suspension of operations in the Beaufort Sea off Canada's Arctic Coast.

The workforce now numbers around 4,200 compared with 9,500 at the peak of the debt-financed acquisition spree in the late 1970s and early 1980s which marked the start of its present difficulties.

AIBD to probe warrants sector

BY ALEXANDER NICOLL

THE ASSOCIATION of International Bond Dealers (AIBD) is expected to launch an examination of the equity warrant market after becoming concerned about the potential for trading abuses in the sector, which has been growing rapidly in recent months.

The AIBD will seek recognition as a Recognised Investment Exchange under the new UK regulatory structure and is keen to be seen as a credible overseer of the markets it operates.

Its worry has been prompted by the extreme volatility of warrants, which naturally display price swings far wider than their underlying securities because of the gearing effect built in to option-type instruments.

The volatility opens up the possibility of huge losses if traders deal away from market prices or delay reporting of trades. Japanese equity warrant prices, for example, have recently fallen sharply following the shake-out in stock markets in Tokyo

Though it is understood that no specific abuses or losses have been identified by the AIBD, the association has been discussing possible measures to deal with the issue after being approached by the Eurobond clearing bodies.

One way of approaching the problem would be to reduce the time within which trades must be reported for settlement — currently seven days.

However, the AIBD would need to be convinced before introducing a new rule that any abuses should be dealt with in this way

CD programme for San Paolo

ISTITUTO Bancario San Paolo di Torino has launched a £100m sterling certificate of deposit programme under the lead of S. G. Warburg.

The Italian bank will use the proceeds to fund the sterling business of its London branch and the programme, for which Hambros Bank and San Paolo itself will also act as dealers, is designed to raise the borrower's profile

Separately, Chase Manhattan said it has been appointed a dealer alongside Enskilda Securities on a $75m Euro-commercial paper programme for Holmens Bruk.

INTERNATIONAL COMPANIES and FINANCE

Kirin lifts earnings despite flat sales

By Gordon Cramb in Tokyo

KIRIN BREWERY, the company which makes more than half the beer drunk in Japan, boosted pre-tax profits by 11.8 per cent to Y43.52bn ($278m) in the half-year to July, but sales flattened out as rivals encroached on its market share.

Turnover moved up just 0.9 per cent to Y650.73bn, and a 1 per cent rise in volume sales compares with an estimated 3 per cent gain for the industry as a whole. This follows an aggressive marketing campaign launched in the spring by Sapporo and Asahi, the second and third ranking brewers.

All have been introducing new products, particularly canned beer which is increasingly preferred by consumers.

Kirin's earnings drew benefit from cheaper raw materials, attributable mainly to the stronger yen. Currency influences were favourable as the company exports a negligible amount of its output.

Beer accounts for around 85 per cent of Kirin's total sales. Soft drinks, its second product, were down 7.4 per cent by value and 7.8 per cent in volume—a reflection of the poor summer weather which also held back growth in beer demand.

Net earnings were 12.14 per cent ahead at Y15.79bn, or Y17.62 per share against Y15.86. The interim dividend is being maintained at Y3.75, but the Y7.50 total payout for the year is to be boosted by a commemorative dividend—size as yet unspecified—which will mark the company's 80th anniversary.

Full-year pre-tax profits are forecast to show a 5 per cent rise at Y77bn, on a 0.8 per cent improvement in sales to Y1,220bn.

Malaysian banks fight creditor bill

BY WONG SULONG IN KUALA LUMPUR

MALAYSIAN BANKS have expressed strong reservations about a government bill to give financially troubled companies judicial protection from their creditors.

The banks' views are believed to have the sympathy of Bank Negara, the central bank, which is concerned over the implications of the proposed bill on the banking industry, already under strain due to the recession and problems of non-performing loans.

In a joint memorandum to the Ministry of Trade and Industry last week, the four associations of commercial banks, merchant banks, finance companies and certified public accountants, said the bill could frighten away foreign investors and have the opposite effect on companies it seeks to protect.

Tengku Razaleigh, the Trade and Industry Minister, said the proposed amendments to the Malaysian Companies Act, to be tabled before Parliament next month, are similar to Chapter 11 of the US Bankruptcy Code.

He said ailing companies, which are regarded to be of national importance, could apply for judicial protection against creditors to allow them time to return to profitability.

However, bankers say the Malaysian bill goes beyond the powers of Chapter 11, especially in regard to retrospective powers.

Dr Mahathir Mohamad, the Prime Minister, recently urged bankers not to reject the bill outright, but to raise their objections with the authorities. He said many companies were in trouble not because of mismanagement or corruption, but due to recession and the sharp fall in the stock and property markets. He said such companies should be given a chance to recover.

In their memorandum, the banks pointed out that to keep a step ahead of their debtors, who may be thinking of filing for protection, creditors may be encouraged to institute receivership or liquidation proceedings earlier than they would otherwise have done.

Once a company comes under judicial protection, there could be a chain reaction. Some of its own debtors could be expected to file for similar protection, while creditors of such companies would be encouraged to put them under receivership or liquidation to protect their own interests.

One banker pointed out that the recent action by creditor banks against Promet, the oil rig, and construction group, was prompted partly by fears that Promet would be seeking protection once the bill is passed.

The banks are also concerned that the rights of secured creditors would be undermined, as the bill allows the Official Manager (appointed by the court to manage an ailing company) to dispose of any assets as though there was no charge on them.

"When our position as secured creditors is jeopardised, we may not be prepared to commit depositors' funds for lending purposes based on security alone. This will have an adverse effect on the investment climate of the country," the memorandum said.

Bankers argued that at the very least, the retrospective powers should be removed from the bill so that the status of existing loans and mortgage agreements are not jeopardised.

YS Line plans to retire one-third of workforce

BY YOKO SHIBATA IN TOKYO

YAMASHITA Shinihon Steamship (YS Line), which has been under pressure from a deteriorating business performance, yesterday put forward a sweeping restructuring plan under which 700 people — one-third of the workforce — will be offered voluntary retirement.

YS Line, Japan's fifth biggest shipping company, is also seeking Y20bn ($120m) in new lending from its banks, both to finance the cost of the retirement programme and to eliminate uneconomic vessels from its fleet.

The restructuring plan, which is being put to the company's four leading banks — Sanwa Bank, Long-Term Credit Bank of Japan, Industrial Bank of Japan and Toyo Trust and Banking — also calls for rescheduling the repayment of principal on long-term loans of Y91bn and on loans totalling about Y20bn which fall due within the next 18 months.

Other steps suggested include the disposal of 10 uneconomic ships within the current business year, the renegotiation of charter fees on four or five other vessels, and the sale of securities worth about Y10bn.

YS Line's problems have arisen partly because, in common with other Japanese shipping companies, its freight revenues are denominated in dollars, so that its income in yen terms has suffered from the Japanese currency's strength in recent months. A further strain has been added by the recent round of price cutting on the trans-Pacific liner trade, the industry's traditional profit centre.

In the year to March, YS Line suffered a pre-tax loss of Y4.7bn on sales of Y178.9bn.

Air New Zealand ahead

BY DAI HAYWARD IN WELLINGTON

DESPITE INCREASED competition, the state-owned Air New Zealand recorded record net profits of NZ$186.5m (US$89m) for the year to June, a rise of 39.6 per cent. The result was boosted by the sale of eight aircraft during the year at a profit of NZ$75.7m. This more than offset a drop of NZ$48m in operating profit to NZ$105.4m, which was still the second largest ever.

The airline said the good result was achieved by high aircraft utilisation and productivity. The overall passenger load factor was 70.6 per cent.

Feltex NZ in offer for Email

BY ROBERT KENNEDY IN SYDNEY

EMAIL, Australia's leading white goods group, is facing its third take-over bid in two years. Feltex New Zealand (controlled by Equiticorp Holdings) is to launch an A$333m (US$208m) shares offer for the company. It follows the purchase of a 15 per cent stake in Email for A$50m by Feltex.

The directors of Email responded to the approach by telling shareholders that they "should not pay any attention to the offer." They said they had not yet had an opportunity to assess the quality of the bid and would issue further advice to shareholders after they received the offer document.

Feltex is offering a straight one-for-one share swap for Email. Both companies' shares closed yesterday at A$2.70 but it is felt that the Email board would be looking for a cash alternative before it would entertain recommending the Feltex bid.

A successful offer for Email would need the blessing of such shareholders as the Electrolux-controlled White Consolidated (15 per cent), the Government-owned Australian Industry Development Corporation (10 per cent), Life House, the AMP Society (9.5 per cent) and Westinghouse Corporation (5 per cent).

These groups have been reluctant to sell their stakes in Email in the past, as have the company's smaller shareholders.

Feltex's offer is pitched at about 10 times Email's forecast profit for 1986-87 and about eight times the earnings expected in the following year.

AIBD BOND INDICES

WEEKLY EUROBOND GUIDE SEPTEMBER 12 1986

	Redemption Yield	Change on Week %	12 Months High	12 Months Low
US Dollar	8.941	1.869	10.830	8.739
Australian Dollar	14.367	0.356	14.630	12.830
Canadian Dollar	10.516	0.805	11.820	10.373
Euroguilder	5.926	−0.520	6.400	5.925
Euro Currency Unit	8.442	1.308	9.524	8.164
Yen	6.367	1.483	7.250	6.207
Sterling	10.695	3.976	11.932	9.751
Deutschemark	6.372	0.616	7.210	6.318

Bank J. Vontobel & Co Ltd, Zurich - Telex: 812744 JVZ CH

UK COMPANY NEWS

Reckitt & Colman rises to £67m

HEALTHY PROFIT increases in North America, Europe and the UK enabled Reckitt & Colman, the household products and foods group, to increase first-half 1986 pre-tax figures by 15 per cent from £57.73m to £66.53m.

The market, however, found the performance slightly disappointing and marked the shares down 5p to 804p yesterday.

The effects of exchange rates and acquisitions and disposals left group sales 4 per cent lower at £636.57m (£683.45m). Exchange rate changes reduced sales by £70m and when these distortions were eliminated, sales were ahead 7 per cent.

Profit margins for the period increased from 8.7 per cent to 10.5 per cent. One feature was the impact made by Airwick in North America, an area where profits rose by 65.5 per cent to £9.3m despite an unfavourable exchange rate. In Europe, Airwick helped improve profits by 55.5 per cent to £9.36m.

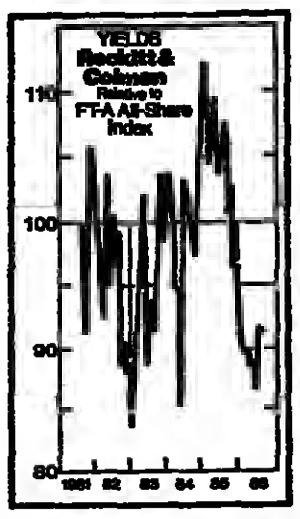
The UK also made a significant contribution, with profits rising 24 per cent to £22.6m, due mainly to productivity benefits and a 39 per cent exports rise. The company said the businesses in Australasia, Asia and Africa traded satisfactorily, although sterling profit was reduced by £7m as a result of adverse exchange rate movements.

Net interest payable for the half year rose sharply from £0.76m to £3.49m. Attributable earnings, before extrordinary items, rose 20 per cent to £39.2m. Tax charge was £24.72m (£22.22m) and earnings per 25p share increased from 21.99p to 26.45p. The interim dividend is stepped up to 6.75p (6p) net—last year's total payout was 16p on £123.4m pre-tax profits.

The company said yesterday that its long term prosperity depended upon the continuing pursuit of strategic objectives by a combination of acquisition and internal growth by innovation. With regard to the second half of 1986, it said there was no reason why progress should not be maintained.

Profits from household and toiletry products jumped by £13.3m to £37.99m. The continuing successful integration of Airwick made an important contribution to an 11 per cent sales increase to £321.2m. Profit margin increased from 8.5 per cent to 11.8 per cent.

There was a significant turnround in North America, where



the addition of Airwick created a thriving business with good prospects for further advances. This product category now provides 55 per cent (42.2 per cent) of the group's total profits.

Food and wine profits fell 28.5 per cent to £12.33m, in spite of an increased UK contribution. This reduction was caused by adverse exchange rate movements, by the disposal of the US potato business (which made a profit in the first half of 1985) and by increased marketing expenditure by the group's core food business in the US.

The company said its proposed acquisition of Durkee Famous Foods, announced last month, emphasised the strategic objective of increasing its presence in the US and would strengthen its food business there.

Pharmaceuticals showed growth with sales up 7 per cent to £61.1m and profits 12 per cent higher at £12.93m. The UK busines achieved a strong performance in both sales and profit, a significant growth in exports being a major contributor.

The colours operation raised profits to £3.87m (£3.4m) on higher sales of £17.1m (£15.98m) with the Globo business in Brazil featuring strongly.

Industrial cleaning profits improved from £0.92m to £1.13m on marginally higher sales of £32.1m. Fine art and graphics sales were static at £12.1m, but profits edged ahead to £0.82m mainly due to productivity improvements.

See Lex

US offshoot helps Utd Biscuits to 31% rise

AN INCREASE in trading profits in dollar terms of 48 per cent by its US offshoot, Keebler, and a first full contribution from Early California Olive were the major factors behind the 31 per cent growth in pre-tax profits at United Biscuits (Holdings) in the six months to July 12 1986. During the period the company failed to take over Imperial Group.

On turnover down from £992m to £957.7m, the taxable result rose from £36.3m to £47.6m. Earnings per share improved to 7.8p (7p) and the interim payment has been raised to 2.5p (2.35p).

Trading profits were £5.6m higher at £53.8m and Sir Hector Laing, chairman, said they would have been £4.1m higher but for currency movements. The pre-tax figure also benefited from a £5.7m fall in interest charges to £6.3m, resulting from the proceeds of last year's rights issue and lower interest rates.

Sir Hector added that the second half should see a similar increase in trading profits but there would not be the same benefit from the cut in interest charges. However, the second half had started well and the group was on target to achieve a satisfactory performance.

The improvement by Keebler was put down to better productivity, lower overheads resulting from the closure of the Philadelphia bakery and falling raw material prices.

A breakdown of turnover shows sales of UB Foods Europe rose to £483.4m (£465.5m), UB Restaurants £56.9m (£49.4m) and North America £406m (£464m). Trading profits were £33.1m (£32.2m) in Europe, £2.5m (£3.1m) for restaurants and £21.4m (£16.4m) in North America.

Restaurants were hit by a fall of £700,000 in the contribution from Pizzaland International which was hit by bad weather and a fall in tourist numbers and the comparative figures were boosted by £300,000 of property sales.

Within the European division KP Nuts was said to have had a particularly good performance, increasing volume by 12.5 per cent, and UB Frozen Foods achieved a trading profit of £900,000, compared with losses last time of £200,000.

The tax charge was £15.7m (£11.6m) to leave net profits of £31.9m (£24.7m). Dividends will absorb £14.3m (£11m).

See Lex

Woolworth justifies bid defence with £23m profit

BY CHARLES BATCHELOR

Woolworth Holdings, the variety store which has branched out into DIY and electrical retailing, yesterday had its first opportunity to show its shareholders that they had been right to support its management against the £1.8bn bid from Dixons in April.

It announced profits before tax and exceptional items of £23.2m in the six months ended August 1986, including a £3m surplus from property sales and after capitalising interest of £2m. The restated profit for the same period last year was £11.8m after a property surplus of £3.2m and £1.1m of capitalised interest.

Sir Kenneth Durham, chairman, said: "We look forward with confidence to meeting our forecast for the year of not less than £105.5m profit before exceptional items."

The City was reserving its judgment, however, on the grounds that first half performance makes only a small contribution to the group total and so many changes had been made, particularly at F. W. Woolworth, the high street general store chain, that comparisons were meaningless.

"There was no way they would report figures which would lead people to think they wouldn't make their forecast," commented one analyst.

B & Q, the DIY chain, increased its profit, after a group charge for rent, from £15.7m to £20.6m. Turnover rose from £194m to £250m. B & Q opened 12 new stores in the first half and will open

Mr Geoffrey Mulcahy: Comet back on growth path

18 more in the second, taking the total to 205.

B & Q is starting to attack the market traditionally served by builders' merchants. At £3bn this sector is the same size as the traditional DIY market, Mr Geoff Mulcahy, chief executive, said.

Comet, the electrical chain which has performed poorly recently, increased profits from £800,000 to £3.2m and is back on the growth path, Mr Mulcahy said. Margins at the discount chain have improved, while credit card sales are boosting volumes. Turnover rose from £119m to £136m.

F. W. Woolworth, the traditional high street general store chain, increased profits before the rental charge from £7.6m to £10.7m. After rental the loss was cut from £14.7m to £8.6m.

The Focus strategy, aimed at concentrating on six key areas, has been applied to 146 of the division's 862 stores, but the full benefits will not come through before next year.

The Focus stores are nevertheless showing a four point increase in their gross margins.

Sales from the entertainments sector are up 39 per cent and the company plans a nine-fold increase in its very successful video catalogue to 400 titles. It has sold 1m videos, mainly old films, since the range was launched last year.

The F. W. Woolworth turnover fell from £454.3m to £426m following the sale of the Woolco chain to Dee Corporation in April and the closure of the food and adult clothing departments.

The group made a total retail profit, after head office expenses, of £13.5m, compared with £1.1m last time. Property income fell from £26.7m to £24.8m, but net interest payable also dropped, from £16m to £15.1m, to produce a profit before exceptional items of £23.2m compared with £11.8m.

Woolworth took an extraordinary charge of £15.9m for the costs of its defence against Dixons. There were no extraordinary charges in the first half of last year, but in the full year it took a £29.1m charge to meet reorganisation expenses.

See Lex

Local London Group to join USM

By Philip Coggan

Local London Group, a property developer, is coming to the unlisted securities market via a placing which values the company at £6.6m. Just over 1.9m shares will be placed, representing 39.12 per cent of the enlarged equity, at 135p per share.

The group specialises in acquiring commercial properties and converting them into small office complexes known as business centres. Small businesses then rent both space and office services from Local London, in return for licence income.

Eight business centres are currently in operation, with a further three currently undergoing refurbishment.

Proceeds from the placing will be used to pay off bank borrowings and to finance future developments. Exactly 1.2m of the shares being placed are new and the rest are being sold by the vendors, Robert and Graham Bourne, who will receive in total just under £1.2m. Both are directors of the company.

In the year ended December 31, 1985 Local London made pre-tax profits of £613,000 and at that date had net assets of £1.55m or 31.6p per share. The directors intend to pay a single dividend in respect of 1986 of 3p a share.

Brokers to the issue are Greenwell Montagu.

Bridon profits fall to £5.2m

PROBLEMS in the US and British Rope operations of Bridon, combined with the disposal of its Mexican interests, reduced first half profits to £5.2m compared with £7.7m. The fall was in line with market expectations.

Sir Christopher Laidlaw, chairman, said the absence of any contribution from Grupo Industrial Camesa, Mexico, accounted for about £1.2m of the profit shortfall. The remainder reflected difficult market conditions, particularly in the wire rope making activities in the US, which again made a loss, and in the UK where British Rope had an exceptionally poor first half. He added that results elsewhere were generally up to expectations.

The pre-tax profit includes a £537,000 pension credit. Turnover in the period was £146.3m against £174.2m. An extraordinary credit of £2.9m represents the profit on the Mexican disposal less tax.

The interim dividend is unchanged at 1.5p on earnings per share, before extraordinary items, of 5p (7.7p). The dividend payment will absorb £800,000 (same).

Profits improvement was achieved by the UK fibre operations which performed well in the traditionally stronger first half. The distribution companies, particularly in Europe, also improved their profitability, despite strong competition, Sir Christopher said.

Sir Christopher said the outlook for the UK wire rope market in the second half remained depressed, but action taken by the new management would further improve British Ropes' cost base.

● comment

While there is no doubt that the quality of Bridon's earnings have imroved since the stake in the Mexican subsidiary was sold in March, the problem is that there is just not as much profit about as before. Hence it took a £½m pension bonus to get the interim pre-tax profits over the £5m mark. With £1m from Mexico in the first quarter due to be discounted, falls in the wire businesses at home and a £2m pre-interest swing into the red in the US, earlier forecasts of around £10m for 1986 now have a distinctly ropey look to them. Expectations are now heading for the £11m region which puts the shares down 4p at 150p on a forward looking multiple of 11. In an industry bedevilled by overcapacity this still seems to leave plenty of downside possibilities.

DIVIDENDS ANNOUNCED

Abbott Mead ....int	1.5	Nov 6	—	—	1.5
Armstrong Equipment	2	—	0.8	2.75	1.1
Banro ....int	2	—	1.5*	—	5.83*
Bemrose ....int	3	Nov 11	1	—	5
Bridon ....int	1.5	Nov 7	1.5	—	5
Candover ....int	2	Oct 29	nil	—	4
Clondalkin‖ ....int	3.47	—	3.15	—	8.15
Delaney ....int	0.9	Nov 21	0.8	—	2.4
J. Hewitt ....int	1.0¶	Nov 5	0.4	—	2.7
Jones & Shipman ...int	1.15	—	1.15	—	3.85
Lee Intl	1.5	Oct 31	—	1.5	—
Legal & General ...int	3.25	—	2.83*	—	8.17*
M6 Cash & Carry‡ ...int	1.06	Nov 3	—	—	—
A. & J. Mucklow	3	Jan 2	2.8	5.4	5.05
Reckitt & Colman ...int	6.75	Jan 8	6	—	16
George H. Scholes	15	Oct 17	14	28	20
Scottish Heritage ...int	1.6†	Oct 23	1.4	—	3
Sun Life ....int	10.4	Nov 11	9.34	—	28.74
Trade Indemnity ...int	1.85	Nov 3	1.42*	—	3.25*
Utd Biscuits ....int	3.5	Jan 6	2.85	—	8
Woolworth ....int	5	Nov 7	3	—	10

Dividends shown in pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock. ¶ Increased partly to reduce disparity. ‖ Irish pence throughout.

Hargreaves says Coalite has 'drifted and stagnated'

BY MARTIN DICKSON

Hargreaves Group, the energy and environmental services business fighting an £80m takeover bid from Coalite, said yesterday that over the past five years it had "comprehensively outperformed" Coalite, which had "drifted and stagnated."

In its formal defence document, Hargreaves said that shareholders were being asked to give up full ownership of a successful company which had been reshaped with a clear strategy for a "partial and quite inadequate share in a group which would be controlled by a company whose managerial and financial record is much inferior, and whose sense of purpose is difficult to detect."

However, Mr Peter Espenhahn, of Coalite's merchant bank, Morgan Grenfell, replied last night that the document failed to address the main issue — what was Hargreaves worth — and that the rest of its arguments were "pretty irrelevant" to this.

Coalite is offering one of its shares plus 600p in cash for every four Hargreaves shares. On the basis of Coalite's closing price last night of 270p, up 1p, the offer values Hargreaves at 217p, a share. However, Hargreaves — which said last month that it had been holding discussions with other interested parties — closed last night at 245p, down 1p.

Coalite's turnover over the past five years had increased by only 2.3 per cent per annum, a fall in real terms, while operating profit over the same period had grown by 7.1 per cent per annum, an increase of only 1 percentage point per annum over inflation.

This, it argued was a "stagnant record" and Coalite was now trying to buy Hargreaves as a means of escape from "the consequences of years of drift and indecision."

It also rebutted Coalite's argument that the two companies would make a good fit.

Burton near solution to Conran dispute

By Martin Dickson

Burton Group, the retailer, appears to be moving nearer to a solution of its long-running dispute with Sir Terence Conran, chairman of the Storehouse chain, over an agreement reached between the two sides last year during Burton's successful takeover bid for Debenhams.

Sir Terence backed Burton's bid and in return was given options over space and equity in Debenhams, as well as assurances of a design contract. However Burton said that these agreements were nullified by Sir Terence's subsequent merger of his Habitat-Mothercare group with BHS.

The plan under discussion would apparently give Sir Terence a design contract for Harvey Nichols, the Knightsbridge store acquired by Burton together with Debenhams; a design contract for the Burton menswear shops; and a possible offer of some trading space in Debenhams.

Highams buys more shares in MSCC

By Charles Batchelor

Highams, the privately owned textile group which is making a £37m takeover bid for the Manchester Ship Canal Company (MSCC) has bought a further 6,000 £1 preference shares to give it control of about 40 per cent of MSCC's voting equity.

The additional MSCC shares, for which Highams paid 300½p per share, took Higham's stake in the preference equity to 76 per cent and its stake in the combined preference and ordinary equity to 56 per cent.

Higham's voting stake is lower, however, because of the tapered voting structure at MSCC which gives proportionately more votes to small shareholders. Highams now claims acceptances from 1,300 MSCC shareholders. It has said it is ready to achieve voting control by splitting up its holding among nominees.

Robert Lowe in £1.3m acquisition

Robert H. Lowe, the clothing manufacturer, has bought two small Manchester-based companies for £1.3m—to be paid for by the issue of 1.166m new Lowe shares.

The two companies, both run by Mr C. Black, are Nelsons Labels, which prints labels, and C. U. Black which is involved in textile merchanting and converting.

Nelsons made a pre-tax profit of £105,000 on turnover of £765,000 in the year ended June 30 1985. Over the same period Black made £46,000 on turnover of £300,000.

Lowe said the acquisition would reduce its gearing while improving profitability and earnings per share.

J Hewitt share price jumps 48%

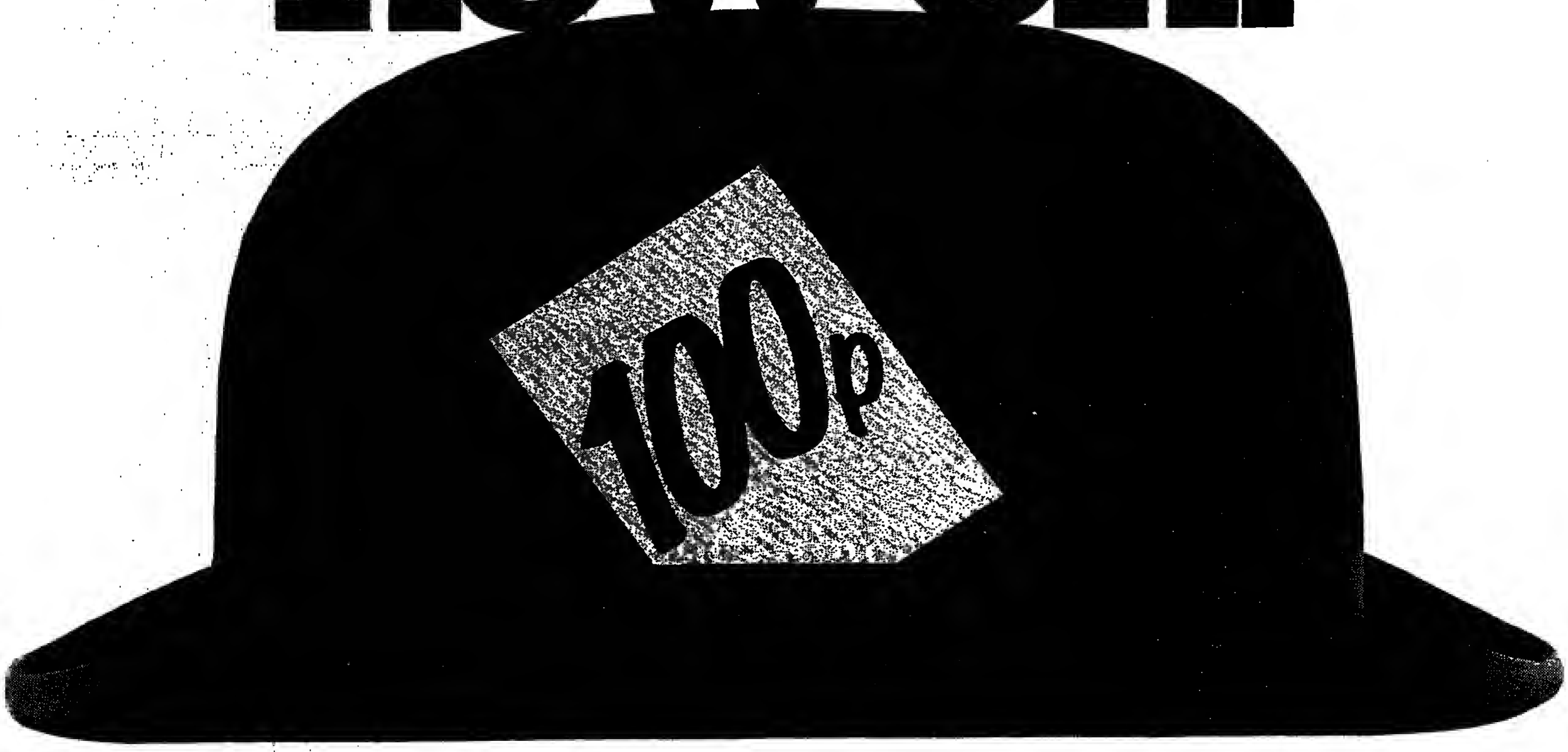
J. Hewitt & Son (Fenton), refractory products manufacturer, more than trebled pre-tax profits in the first half fom £190,000 to £626,000. Turnover rose 45 per cent from £3.4m to £4.93m. Its share price soared 42p to 130p—an increase of 48 per cent.

An interim dividend of 1p (0.4p) is being paid on earnings per share of 11.1p (2.6p), partly to reduce disparity.

Hewitt said borrowings had risen to cover higher working capital and capital expenditure associated with increases in production and turnover.

While second half profits were not expected to grow as fast as those just reported, Hewitt forecasted year-end results substantially up on 1985.

TSB Share Offer now on.



The TSB Share Offer is now on. The shares are 100p each.

If you'd like to buy some, the minimum you can apply for is 400 shares at a cost of exactly £400. (If you've already registered priority as a TSB customer your minimum investment need only be £200.) You may, of course, apply for more than the minimum.

Only half of the cost of the shares needs to be paid for now. The balance will be asked for in about 12 months time.

To apply, you need an application form. This, together with a prospectus, is now available at every TSB branch. Or look in the national press.

You can make your application for TSB shares now. Remember there is only a short time to apply.

The instructions for delivery of your application are printed at the back of the prospectus. You can hand in the form at any TSB branch before it closes on Tuesday, 23rd September, 1986.

If you're sending it by post it must arrive no later than 10am on Wednesday, 24th September, 1986.

The TSB wants shareholders from all over the country and all walks of life.

If you feel the hat fits, we hope you'll wear it.

TSB GROUP 1986

Don't leave it too late to say yes.

Issued by Lazard Brothers & Co., Limited, through the TSB Group Share Information Office, on behalf of the Trustee Savings Banks Central Board.

UK COMPANY NEWS

BET adopts novel share swap move

BET has adopted a novel approach to gaining further backing for its £113m bid for HAT Group. The diversified services group is inviting HAT shareholders to swap shares-for-shares on the market now that it can no longer buy shares for cash.

Under the takeover code, BET is not allowed to purchase HAT shares for cash at prices above the cash alternative of 135p once this was made final. At that time a reclared associate of BET had bought 14.9 per cent of HAT for cash.

Yesterday, however, BET announced that it had acquired a further 14.9 per cent of HAT's shares on the market in exchange for its shares in the same ratio as the formal offer—73 for 200.

According to Mr David Telling of HAT, by doing this BET has been inviting institutions to "arbitrage via BET's shares to gain a quick profit over the cash offer."

On last night's prices of 408p, up 3p, for BET and 140p for HAT, a theoretical opportunity exists for holders of HAT shares to accept BET's paper and then sell in the market. By so doing a seller might hope to obtain 147p for each HAT share — 12p above the cash alternative.

Mr Neil Ryder of BET said yesterday that his company had no evidence that large numbers of BET shares were being sold as a result of the share-for-share market deals.

The finely balanced offer for HAT Group has its first close today. An extension of the bid to a final close in one week's time seems likely said BET last night. BET currently holds just under 30 per cent of HAT.

Jones & Shipman profits slip

Jones & Shipman, maker of precision machine tools, reported almost unchanged pre-tax profits of £752,000, against £770,000, for the first six months of 1986. The figure was achieved on turnover slightly higher at £9.55m, compared with £9.28m.

With an increased tax charge of £179,000 (£16,000) earnings per share for this Leicester-based company fell from 6.3p to 4.8p. The interim dividend is being maintained at 1.15p.

Minet disappoints market with modest 4.5% rise

Minet Holdings, the Lloyd's and general insurance broker and underwriter, has increased half-yearly pre-tax profits by only 4.5 per cent. The news yesterday disapopinted the market in the wake of Tuesday's bigger profits growth from Stewart Wrightson, the broking group, and Minet's shares closed 16p down at 232p.

It also meant a considerable slowdown in Minet's earnings record. In the first half of 1985, taxable profits rose by 43 per cent.

Of the £19.3m pre-tax profits, £18.4m came from Minet's insurance brokerage group and the rest from its underwriting activities. This meant a satisfactory increase of 15.4 per cent at the brokerage group, but expenses there grew by 23 per cent, the company said.

This was "significantly influenced by staff costs and professional indemnity premiums," Minet said. Problems of limited capacity in the liability insurance market had worsened severely. This was "exacerbated by considerable client resistance" premium rate increases and the restricted terms available from some insurers. In turn, the collapse of the world oil price had affected the growth of the broking group's oil and gas-linked business.

Underwriting group profits declined by 64.5 per cent, mainly due to loss of fee income because of severely curtailed underwriting capacity. They were also hit by the proposed divestment of interests in Lloyd's managing agencies. The results were reported on a "full divestment basis," resulting in a profit shortfall of £0.5m, Minet said.

For the future, Mr Ray Pettitt, Minet's chairman, said there were only limited signs of an increase in market capacity. There should be reasonable growth in profits for the year.

However, he reiterated the view of Minet's lawyers that it has "no legal liability" over the PCW affair at Lloyd's, which has yet to be resolved.

This year's interim figure included a £1m benefit from currency fluctuation and consistent hedging policies in respect of the US dollar income of UK broking companies.

After-tax profits in the first half were up 9.8 per cent at £11m, and there is a maintained interim dividend of 3.48p. Earnings per share came out at 13.81p (12.56p).

Group turnover rose 9.7 per cent to £54m, producing a trading profit of £12.8m (£12.5m). Other income added £6.14m (£5.2m), and associate companies contributed considerably less at £90,000 (£458,000).

COMPANY NEWS IN BRIEF

YEARLINGS—The interest rate for this week's issue of local authority bonds is 10 per cent, up 1/16 of a percentage point from last week, and compares with 11 1/16 per cent a year ago. The bonds are issued at par and are redeemable on September 23 1987. A full list of issues will be published in tomorrow's edition.

E. T. SUTHERLAND and Son, USM-quoted food products group, made pre-tax profits of £160,000 (£698,000) for the first half of 1986, on turnover of £10.91m (£11.14m). Earnings per 25p share were 0.67p (2.73p), but the interim dividend is maintained at 1.46p net. Second half sales were currently running slightly under budget, but company anticipated a better trading outcome than in comparable period of 1985 (£131,000 pre-tax).

CLONDALKIN GROUP made pre-tax profits of I£1.73m (I£1.4m) for the first half of 1986, on turnover of I£26.69m (I£24.06m). Earnings per 25p share were 11.06p (10.01p) and the interim dividend is 3.465p (3.15p) net.

BARTON GROUP, continued its improvement in the first half of 1986. Following doubled profits for the previous year the taxable figure was almost doubled from £697,000 to £1.38m. The result was achieved on turnover ahead by 6 per cent from £24.88m to £26.37m. After a tax charge of £350,000 (£174,000) earnings per share were stated as rising from 2.14p to 4.25p.

GEORGE OLIVER (FOOTWEAR): although turnover improved by 32 per cent to £24m compared with £18.18m, trading losses at George Oliver (Footwear), amounted to £114,000 for the first half of 1986 against a profit of £99,000.

EDINBURGH FINANCIAL TRUST, an investment trust with an emphasis on the financial sector, increased its net asset value from 44.5p at the halfway stage in 1985 to 50.7p at the end of the first half of 1986.

LONDON SECURITIES made pre-tax profits of £414,000 (£623,000 loss) for the year to March 31 1986. Turnover was £975,000 (£639,000) and earnings per 5p share were 0.22p (1.27p loss).

EDINBURGH Financial Trust, an investment trust with an emphasis on the financial sector, increased its net asset value from 44.5p at the halfway stage in 1985 to 50.7p at the end of the first half of 1986. Dividends and interest received went up 22 per cent to £760,738 but underwriting income fell by 56 per cent to £29,775. Profits from the trust's two dealing subsidiaries,

GT JAPAN INVESTMENT TRUST raised net asset value per share to 234.1p at June 30 1986, against 148.8p six months earlier. Net revenue for the period was £409,121 (£390,559). Earnings per 25p share were 1.57p (1.5p) diluted or 1.55p (1.51p) undiluted. A final unchanged dividend of 1p makes a total of 1.4p (same).

MEMORY COMPUTER, which swung back into the black at six months, finished the 12 months to June 30 1986 with pre-tax profits of I£424,000, compared with losses of I£3.62m for the previous 15 months. Turnover totalled £9.34m (£7.28m for period). The balance sheet was strengthened and at year-end net borrowings had been eliminated.

BRISTOL CHANNEL SHIP-REPAIRERS suffered a pre-tax loss of £358,000 (£121,000) on turnover down from £3.45m to £3.06m for the year to March 28, 1986. Loss per share was 0.45p (0.15p).

YEARLING BONDS totalling £4.25m at 10 per cent, redeemable on September 23 1987, have been issued by the following local authorities. Newport Borough Council £0.5m; Portsmouth (City of) £1m; Braintree District Council £0.25m; East Lindsey DC £0.5m; Hillingdon (London Borough of) £1m; Swansea (City of) £1m.

UK COMPANY NEWS

Armstrong Equipment up by 74% to near £8m

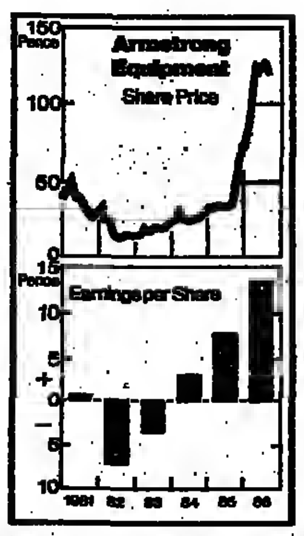
BY PHILIP COGGAN

Armstrong Equipment, the engineering group, announced pre-tax profits up 74 per cent at £7.9m for the year to June 29, 1986. The company cited "improved efficiency" as the main reason, although it did receive a benefit from the decline of the pound against the Deutschmark.

Mr Harry Hooper, the chairman, will be retiring after this year's AGM. He joined the company back in 1966 as managing director and became chairman in 1973. It is proposed that the new chairman will be Mr Frank Cole, who has been a non-executive director for eight years.

Armstrong has four divisions. Automotive parts manufactures suspension systems for motor cars and motorcycles for the British Army. The fastenings division was strengthened last year by the acquisition of Glynwed Fastenings for £5m. Light engineering contains companies involved in pressings, heat transfer and radiators. Lastly, there is the overseas division, though which Armstrong has interests in Spain, Australia and Canada.

All the divisions were profit-



sees as "a turndown in engineering activity" in the UK and problems in the Australian economy. The two acquisitions made last year, Bramber Engineering and Glynwed Fastenings, have started to contribute.

Trading profit was £11.4m (£7.6m) and the interest charga was up to £3.5m (£3.1m). After tax of £875,000 (£396,000) and minority interests of £63,000 (£46,000) earnings per share were 13.38p (7.89p). The final dividend has been increased to 2.0p (0.8p), making 2.75p in total.

● comment

Armstrong's chairman, Mr Harry Hooper, is aggrieved that after 20 years at the company and after the recovery from the trauma of the early eighties, the shares are on a historic multipla of only 9. That restricts the company's ability to follow tha examples of Suter and Williams Holdings and expand rapidly via acquisition. Sadly for Armstrong, it seems that because the motor industry is such a major customer, investors will not grant the re-rating it seeks. Even a 74 per cent profits increase failed to satisfy the markets and the shares slipped 3p to 120p yesterday. It was a strong pound that nearly destroyed the company in tha early eighties so it is no surprise that a weaker one should boost its profits. Merely by surviving, Armstrong has won itself a better competitive position and trading margins were up last year from 7.4 per cent to 9 per cent. This year, pre-tax profits should top £9.5m. Perhaps the markets should reconsider.

Ward White buys 5% stake in Church

By David Goodhart

Ward White, the acquisitive retail group, has bought a 5.2 per cent stake in Church & Co, the luxury shoe maker.

Ward White recently announced interim profits up more than 30 per cent at £10.3m and at the same time Mr Philip Birch, the chairman, said that despite several recent acquisitions he was still on the look out for more.

He did not rule out taking a larger stake, but stressed in a letter to Church that be held the company in high regard and was not planning any unfriendly or aggressive moves.

Mr John Church, the managing director, said that the company's shares were, in any case, tightly held with a "substantial" family holding and 10.6 per cent with Investors in Industry.

Ward White retains some interests in Church's field of manufacturing and retailing shoes and both companies said there was a possibility of commercial co-operation.

Church closed up 65p at 420p, while Ward White was 4p down at 358p.

L & G profits jump to £28m

A STRONG improvement on its UK property account, together with steady growth in its life business enabled the Legal and General Group to record a 52 per cent pre-tax profit rise from £18.7m to £28.4m at the intarim stage. Attributabla profits were one third higher at £23.4m against £17.3m.

The interim divideod is increased by 15 per cent from an adjusted 2.83p to 3.25p.

Profits from the long-term business showed a rise in UK linked business from £1.3m to £1.5m and from £12.6m to £13.3m in UK non-linked life busioess. However, UK pension business showed a profit decline from £7.3m to £6.6m.

Profits from UK fund management declina from £3.4m to £3m, leaving overall profits on UK long-term business virtually unchanged at £21.4m (£21.2m).

On its overseas life operations, the group saw a drop from £4.1m to £3.8m in profits from the US subsidiary, Banner Life. Profits on its Australian operations declined slightly from £1.5m to £1.4m, but its reassurance operations through Victory saw profit rise from £700,000 to £1m. Elsewhere, losses of £300,000 were incurred.

Overall, profits from L & G's worlwide life and pensions business fell slightly from £30.8m to £30.3m.

On its general insurance operations, underwriting losses in the UK were cut from £17.8m to £7.5m, thanks to a strong improvement in the property account. Here despite the winter costing £8m in severe weather claims, losses were cut from £11.8m to £1.4m —the effects of the recent rate increases giving strong premium growth. The motor account saw losses reduced slightly — in contrast to the market trend of rising losses.

Overall overseas underwriting losses were unchanged at £7.9m.

● comment

The market was a little disappointed with a 50 per cent pre-tax profit increase from Legal and General. It had been anticipating a much stronger recovery from last year's bloodletting. The 15 per cent profit growth from UK life business was regarded as satisfactory, though overseas business, particularly the US Banner Life subsidiary, were disappointing. But the group, as Britain's largest pension company, has been hit hard by the effects of the recession on pension growth and a drop in pension's profits is not surprising. Neither is the fall in the profits from its fund manegement business where the group is under extreme competitive pressure. The improvement in its short-term business came from a complete turnround in its major domestic property account, despite the severe winter, and a small improvement in its motor account, against the industry trend. However, its continuing strong reversing moves in its reinsurance subsidiary Victory results in continuing high losses. The second half should see a continued improvement in its ganeral insuranee operations, with results fro mVictory not expected to worsen, while life profits should eontinua to show steady growth. However, a yield of 5.3 per cent gross on a shara price of 255p, down 8p, and a prospective 16 per cent divideod increase fully valnes this growth potential.

Owners Abroad expands 48%

PRE-TAX profits at Owners Abroad Group, the USM-quoted holiday tour operator, advanced to £581,000 in tha six months to June 30 1986, a 48 per cent improvement over £325,000 last time.

Turnover, comprising income from aircraft chartering, flight consolidation and tour operations, was ahead at £52.98m against a comparable £44.73m. Duriog this period tha group carried a record 529,821 passengers (358,152).

As a result of the industry's seasonal nature, profit performance was oormally stronger in tha latter part of the year, therefore the directors propose to change the annual accounting date to October 31, with effect from this year. This should be more informative, covering the results of two completed seasons, tha directors stated.

Tax took £177,000, against £138,000, after which earnings per share were 0.52p compared with 0.33p a year earlier.

The directors were confident that the latter half of tha year would prove to be satisfactory, due in particular to, the coontinuing successful integration of group companies and also to tha poor weather at home. Performance in the first half had been aided by a lower level of discounting than in previous years, the directors added.

Looking forward to 1987, the directors believed that the indications were eocouraging, with the new airline, Air 2000, already having placed its 1987 summer capacity.

Lodge Care grows by 16% to £0.2m

Lodga Care, the private health care company which runs old folks' homes in Worthing and other south coast towns, yesterday unveiled increased profits in the first half of 1986.

The pre-tax figure was 16 per cent ahead at £242,000, achieved from turnover up 32 per cent to £1.6m.

Attributabla profits emerged at £154,000 (£116,000) equal to earnings of 2.6p (2.3p) per share.

Public Works Loan Board rates

Effective September 15

Years	Quota loans repaid by EIP† %	Quota loans repaid A‡ %	Quota loans repaid at maturity§ %	Non-quota loans A* repaid by EIP† %	Non-quota loans A* repaid A‡ %	Non-quota loans A* repaid at maturity§ %
1	—	—	10½	—	—	11
Over 1, u pto 2	10½	10½	10½	11¼	11¼	10¾
Over 2, up to 3	10½	10½	10	11¼	11¼	10¾
Over 3, up to 4	10	10	10	11	11	10¾
Over 4, up to 5	10	10	10	11	11	10¾
Over 5, up to 6	10	10	10	10¾	10¾	10¾
Over 6, up to 7	10	10	10¼	10¾	10¾	10¾
Over 7, up to 8	10	10	10¼	10¾	10¾	10⅝
Over 8, up to 9	10	10	10¼	10¾	10¾	10¾
Over 9, up to 10	10	10	10¼	10¾	10¾	10¾
Over 10, up to 15	10¼	10¼	10¼	10⅝	10¾	10⅝
Over 15, up to 25	10¼	10¼	10¼	10⅝	10⅝	10⅝
Over 25	10½	10¼	10	10⅝	10¾	10½

* Non-quota loans B are 1 per cent higher in each case than non-quota loans A. † Equal instalments of principal. ‡ Repayment by half-yearly annuity (fixed equal half-yearly payments to include principal and interest). § With half-yearly payments of interest only.

UK ECONOMIC INDICATORS

ECONOMIC ACTIVITY—Indices of industrial production, manufacturing output (1980=100); engineering orders (1980=100); retail sales volume (1980=100); retail sales value (1980=100); registered unemployment (excluding school leavers) and unfilled vacancies (000s). All seasonally adjusted.

	Indl. prod.	Mfg. output	Eng. order	Retail vol.	Retail value*	Unem-ployed	Vacs.
1985							
1st qtr.	106.7	103.5	104	112.4	132.9	3,128	152.6
2nd qtr.	108.9	104.5	109	115.6	141.4	3,174	161.7
3rd qtr.	108.4	103.7	103	116.2	145.2	3,134	164.4
4th qtr.	108.4	103.5	105	116.6	177.7	3,122	168.2
1986							
1st qtr.	109.2	102.1	97	118.0	145.4	3,171	164.6
2nd qtr.	108.5	103.4		120.2	152.7	3,208	175.1
January	108.4	102.2	88	117.0	145.6	3,152	159.7
February	109.9	103.2	98	117.2	140.9	3,161	162.0
March	109.5	103.1	106	118.8	148.6	3,199	168.8
April	110.5	103.7	108	119.3	152.1	3,200	169.9
May	108.2	102.0	111	118.2	149.8	3,205	171.1
June	107.0	103.6		122.4	155.4	3,220	185.2
July				120.9	153.2	3,224	185.2
August				122.9			

OUTPUT—By market sector; consumer goods, investment goods, intermediate goods (materials and fuels); engineering output, metal manufacture, textiles, leather and clothing (1980=100); housing starts (000s, monthly average).

	Cnsmer. goods	Invest. goods	Intmd. goods	Eng. output	Metal mnfg.	Textile etc.	Housg. starts*
1985							
2nd qtr.	103.4	105.0	112.5	105.6	115.9	102.1	18.2
3rd qtr.	104.2	102.0	113.3	103.5	114.4	103.2	17.2
4th qtr.	103.7	102.6	112.5	103.1	111.6	102.8	15.6
1986							
1st qtr.	103.2	102.0	115.0	102.4	110.6	104.0	14.2
2nd qtr.	104.5	101.8	112.4	102.7	111.5	104.0	19.8
January	102.2	102.0	114.0	102.0	112.0	102.0	12.9
February	104.0	102.7	115.0	102.0	110.0	105.0	12.5
March	103.6	103.9	115.2	102.0	110.0	102.0	16.2
April	104.8	102.1	116.7	103.0	109.0	103.0	18.7
May	104.2	101.7	115.0	103.0	112.0	102.0	18.9
June	104.5	101.7	110.4	102.6	113.0	104.0	22.0
July							20.4

EXTERNAL TRADE—Indices of export and import volume (1980=100); viable balance; current balance (£m); oil balance (£m); terms of trade (1980=100); official reserves.

	Export volume	Import volume	Visible balance	Current balance	Oil balance	Terms trade	Reserve US$bn*
1985							
2nd qtr.	120.5	124.8	−124	+1,537	+2,411	97.8	14.32
3rd qtr.	116.2	124.1	−453	+1,472	+1,900	100.0	14.18
4th qtr.	112.0	127.9	−288	+612	+1,893	101.6	15.54
December	119.2	128.3	−32	+309	+491	101.7	15.54
1986							
1st qtr.	117.4	126.1	−1,459	+597	+1,022	101.1	18.75
2nd qtr.	120.8	128.1	−1,613	+487	+732	103.4	19.29
January	113.6	120.1	+124	+1,102	+849	101.8	15.56
February	120.6	125.9	−378	+161	+643	100.7	15.81
March	112.9	132.3	−1,205	−666	+330	100.7	18.75
April	121.5	128.4	−293	+407	+252	101.7	19.00
May	120.3	131.2	−696	+ 3	+201	102.9	19.17
June	120.7	129.6	−623	+ 77	+279	102.0	19.29
July	126.6	124.9	−588	+ 12	+251	103.2	19.06
August							18.93

FINANCIAL—Money supply M0, M1 and sterling M3, bank advances in sterling to the private sector (three months' growth at annual rate); building societies' net inflow; HP†, new credit; all seasonally adjusted. Clearing Bank base rate (end period).

	M0 %	M1 %	M3 %	Bank advncs. %	BS inflow £m	HP lending† £m	Base rate %
1985							
2nd qtr.	5.1	22.4	20.4	19.2	1,533	2,982	12.50
3rd qtr.	5.5	15.4	11.6	17.5	1,771	2,374	11.50
4th qtr.	1.4	25.1	17.8	17.7	2,290	2,431	11.50
1986							
1st qtr.	6.5	9.0	19.7	12.8	2,290	7,305	11.50
2nd qtr.	2.5	23.0	23.8	26.7	1,432	7,055	10.00
January	9.0	14.6	11.1	11.4	779	2,504	12.50
February	4.6	5.3	6.8	9.1	783	2,401	12.50
March	5.1	8.2	14.3	16.4	657	2,300	11.50
April	0.2	21.5	28.6	26.5	756	2,742	11.50
May	2.5	42.8	30.4	27.9	500	2,372	10.00
June	2.8	25.1	22.5	25.0	177	2,543	10.00
July	3.7	29.1	18.5	15.9	357	2,720	10.00
August					452		10.00

INFLATION—Indices of earnings (Jan 1980=100); basic materials and fuels, wholesale prices of manufactured products (1980=100); retail prices and food prices (Jan 1974=100); Reuters commodity index (Sept 1931=100); trade weighted value of sterling (1975=100).

	Earn-ings*	Basic matls.*	Whsale. mnfg.*	RPI*	Foods*	Reuters* cmdty.	Sterling
1985							
2nd qtr.	170.2	128.8	139.4	375.3	330.4	1,954	78.9
3rd qtr.	174.4	123.1	140.5	376.3	335.5	1,766	83.2
4th qtr.	176.9	122.6	141.4	378.1	337.4	1,771	79.2
December	180.0	124.7	141.9	375.3	330.4	1,771	79.1
1986							
1st qtr.	179.1	122.6	142.4	380.5	343.2	1,812	75.1
2nd qtr.	184.0	126.3	145.7	385.7	349.5	1,453	76.1
January	176.9	125.0	142.7	379.7	341.1	1,849	78.6
February	177.9	123.5	143.2	381.1	342.6	1,808	74.2
March	182.4	129.4	144.2	381.6	345.2	1,812	74.6
April	184.0	127.1	145.4	385.2	347.4	1,786	76.2
May	182.3	126.7	145.9	386.0	349.8	1,763	76.1
June	185.6	124.6	145.8	385.8	351.4	1,452	75.9
July		120.8	145.9	384.7	347.4	1,489	74.0
August		120.0	146.1	385.9	345.6	1,481	71.4

* Not seasonally adjusted.

† From January 1986 includes amounts outstanding on credit cards.

UK COMPANY NEWS

Lee International above forecast with £6.9m

Lee International, supplier of lighting equipment to the film and television industry which came to the market last March has exceeded its pospectus forecast of £6.5m with pre-tax profits of £6.91m for the year ended May 31 1986. This is against £4.99m previously.

Turnover for the period surged by nearly £15m to £38.13m (£23.4m) and compares with a forecast of £35m.

Earnings per 10p share were given as 11.05p (8.1p) after tax of £2.81m (£2.01m), while the dividend for the year is 1.5p, as forecast.

Mr John Davey, chairman, said that the wide spread of the group's international operations enabled it to maintain a balanced level of profitability

With the recent acquisitions, expansion and streamlining of existing activities, he added that directors were confident the current year would again be successful.

Lee continued its US expansion in June 1985 by the acquisition of Colortran Inc and in February 1986 by opening Lee America West which is now fully operational in Burbank, near Hollywood, California.

The acquisition of Humphries Holdings in December 1985 had provided a base for the expansion of Lee's rental activities in Europe and had also significantly extended the scope of manufacturing activities into architectural and display lighting.

Mr Davey said the substantial refurbishment of Shepperton Studios had ben well received by film and television production companies as well as by producers of television commercials. The new studio complex in Manchester, which opened in March was the only facility of its kind in the north of England and was proving to be successful.

The pre-tax figure included associates of £651,000 (£609,000) and investment income up from £77,000 to £150,000 but was after interest of £1.38m (£782,000) and an exceptional debit last time of £450,000.

After tax, minorities, and an extraordinary credit of £1.81m (nil)—profit from the disposal of part of Lee's interest in Media Technology International—the attributable balance emerged at £6.04m, compared with £2.98m. Dividends will absorb £708,000 (nil).

● comment

There was clearly a time when a nod and a wink sufficed as the rules of doing business in the film and television lighting rental business. Lee International has left this jungle behind and since its oversubscribed March flotation independent minds have discerned a rapid maturing in the company's manegement. The brothers Lee are less evident, other directors have come to the fore and the BET link is no doubt a steadying influence. This fits well a business that is shifting its centre of gravity company'e management. The dependence on megabuck film projects is lessening although the work on Superman IV from the Cannon organisation is no doubt welcome. The US expansion spreads the customer base wider while other smaller acquisitions have been aimed at bringing inhouse new discipline within the lighting field. One of these, architectural lighting, has received an $800,000 shot in the research arm and could be a major mooey spinner in several years' time. This year the analysts are looking for £10m pre-tax which has the shares at 165p, still 15p short of the offer price, trading comfortably on a prospective p/e of 12.

Carpets and property boost SHT to £2m

Scottish Heritable Trust, industrial and propety group, reported pre-tax profits ahead by 51 per cent in the first half of 1986 from £1.34m to £2.02m.

The results included contributions from recent acquisitions but the directors said that most of the rise came from traditional businesses with an increase from the oriental carpets operation and property and investment companies being boosted by profits from sale of investments.

Turnover rose by 75 per cent to £29.54m (£16.88m). Most of the increase was attributed to purchase of Richard Kitchen Taylor, from which there is a full contribution, and OCM (London), carpet manufacturer, which was included for three months.

Earnings per share, on increased capital, rose from 5.1p to 5.3p. The interim payment is being raised from 1.4p to 1.6p.

The directors of this York-based company said that the reorganisation of RKT and OCM, with a full six months figures ensure further satisfactory pro- from Standard Fireworks should gress in the rest of the year.

The tax charge was £684,000 (£394,000), minorities go on £34,000 (£111,000 credit) and there were extraordinary debits of £50,000 (£135,000) to leave attributable profits of £1.25m against £823,000.

Dividends absorbed £461,000 (£298,000) giving retained profits of £790,000 (£525,000).

● comment

Scottish Heritable gave shareholders a good run for their money up to last spring amid its rapid expansion, but more recently a degree of caution has emerged over the amount of paper being issued to finance its acquisitions and the price has gone into a slide. Whether or not it is justified, the incipient cynicism is at least understandable as yesterday's figures showed: the pre-tax profits growth may be robust, but earnings per share, diluted by paper acquisitions and hindered by the increased tax charge, were virtually flat. The full-year figure looks little brighter, for two more acquisitions — of Standard Fireworks and Cambrian Construction — have brought a further increase in share capital and increased debt to a level which Scottish Heritable declines to discuss. On one broker's estimate, the group could exceed £5m in pre-tax profits which will just enable it to avoid a dip in full-year earnings, but the shares, at 155p and on a prospective p/e ratio of nearly 13, look rosily rated against, say, Hanson's on a multiple of 14.

METSEC, manufacturer of structural components and systems, attributes its lower interim results to bad weather hitting the construction market. Taxable profits in the first half of 1986 were £602,000, down from £776,000 on turnover of £7.50m (£7.71m). The dividend is 1.3p.

STAR COMPUTER is to acquire 51 per cent of the capital of Connect Data for an initial consideration of £100,000 cash, with a further consideration (maximum £480,000) based on a profits performance over the three years to September 30 1989.

Abbott Mead profits doubled

BY PHILIP COGGAN

Abbott Mead Vickers, the advertising agency which joined the mian market in November 1985, announced pre-tax profits up 112 per cent to £1.08m in the six months to June 30 1986. Because of a slightly lower tax charge, earnings per share were up 125 per cent at 5.21p.

New clients since the flotation have included Pork Farms, Schwarzkopf hair care, Orbis and the Daily Telegraph. Webster's Yorkshire bitter and Arthur Andersen have been lost. Gross billings were up to £24.8m, against £19.2m, for the first six months.

In June Abbott announced the acquisition of the Leagas Partnership, a rival agency, for a performance-related consideration. New management has been installed and Leagas is now breaking even, after a pre-tax loss of £758,000 in the year to April 1986.

Mr David Abbott, chairman, announced that Mr Michael Baulk was joining the group as chief executive and chairman. He also warned that the balance of the company's income was no longer weighted in favour of the second half. The same rate of profit growth was thus unlikely to be maintained, although trading prospects for 1986 continued to look very encouraging.

The interim dividend, which is being paid for the first time since listing, is being set at 1.5p net.

● comment

Arthur Daley, employed by Abbott Mead Vickers to advertise the Leeds Building Society, might recognise that the agency is a nice little earner. Like many other agencies it plans to expand via diversification. But it is easy to pay fancy prices for people businesses only to find that the people do a runner. Abbott is trying hard to overcome the doubters. The Leagas acquisition will only start costing money when it starts making profits and Abbott had responded to the oeed to strengthen its own management by appointing a new chief executive. There is no doubt that Abbott is a much respected agency and although these figures look good because of accounts gained in the second half of 1985, pre-tax profits should still hit £3m for the full year. The cautious might feel that the shares at 213p are high enough on a prospective p/e of 15.

Sun Life Assurance lifts interim payment to 10.4p

Sun Life Assurance Society is lifting its interim dividend by 11.4 per cent from 9.34p to 10.4p per 5p share for the first six mooths of 1986. The directors stated that the increase should not be regarded as an indication of the percentage increase appropriate to the full year's total.

The amount of the interim payment had been restricted, they explained, by the Companies Act 1985 which provides that a distribution may only be paid from profits available for the purpose.

As known, a summary of the group'e new life business for the half-year showed that single payments had increased from £112m to £165.2m, with new annual premium income amounting to £28.1m, against £28.9m. Both unit trust and unit linked bond sales had continued to be buoyant and other new business had been at a satisfactory level.

The directors stated that much of the uncertainty which arose during the formulation of the Financial Services legislation had now receded. The company's broker and direct sales divisions were confident of being able to operate effectively in the proposed Investor Protection regime.

This autumn new products were being launched to meet the demand stimulated by the recent pensions legislation, the directors pointed out.

Total premium income for the first six months of 1986 was £258.6m (£227.5m), while unit trust sales totalled £49.6m (£7.5m).

Delaney rises to £185,000

Delaney Group, Birmingham-based furniture maker and distributor, raised pre-tax profits by £25,000 to £185,000 for the first half of 1986, on increased turnover of £3.81m, against £3.68m.

Mr R. Delaney, the chairman, said prospects for the remainder of 1986 were encouraging and he looked forward to reporting favourably at the year end.

Pre-tax results benefited from lower interest charges of £87,000 (£122,000). Earnings per 10p share were up from 1.6p to 1.85p and the interim dividend is raised to 0.9p (0.8p) net—last year'e total was 2.4p on £660,000 pre-tax profits.

The chairman said the contract furniture market offered considerable potential for further growth and the company continued to develop its activities in this area.

Geo Scholes moves ahead by 8%

George H. Scholes, Manchester-based electrical engioeer, announced an 8 per cent rise in pre-tax profits for the year to June 30 1986.

Profits were ahead at £5.34m, against £4.94m last time, on turnover up from £26.21m to £29.04m, a rise of 11 per ceot.

Tax amounted to £2.12m (£2.04m) aod there were extraordinary debits of £82,388 (oil). Earnings per share emerged at 50.1p a rise of 5p.

The directors propose a final dividend of 15p (14p) making a total of 23p against 20p.

In addition they recommend a one-for-one scrip issue.

During the year market share was maintained by all of the group's products, with the two wholly-owned subsidiary companies, Clifton Engineers and John Nissim, both increasing turnover and profits, as did WSK (Electrical) in Scotland.

FII GROUP.—Of the 6.62m ordinary shares offered by way of rights, 5.95m shares (89.9 per cent) have been taken up and the remainder have been sold at a premium.

Near 11% stake taken in Brown Shipley

Cofi, a Luxembourg investment holding company controlled by Mr Giorgio Rossi, has bought, a 10.75 per cent stake in Brown Shipley Holdings, the UK merchant banking group.

Lord Farnham, Brown Shipley's chairman, said yesterday that the stake was welcome. "We know Mr Rossi very well," he said. "We are likely to be able to do successful business together."

The acquisition of the stake follows the purchase last July of a 25 per cent stake by Kredietbank Luxembourgeoise, another ally, meaning that over 35 per cent of Shipley's equity is now in friendly hands. Earlier this year, the group had been viewed as a possible takeover candidate.

Mr Rossi, who is a former chairman of SNIA VISCOSA and general manager of Credito Italiano of Milan, previously held a 6 per cent stake in Guinness Peat, the financial services group, which he sold when the company was restructured in 1983.

UK COMPANY NEWS

Banro expands 50% and makes £3.3m cash call

Banro Industries yesterday revealed pre-tax profits up by almost 50 per cent in the first six months of 1986, and also announced plans to raise £3.3m by way of a rights issue.

On turnover ahead from £14.42m to £19.57m this engineering, distribution, security equipment concern pushed taxable profits up to £851,000 compared with £562,000. The directors said they expected progress to continue and had every confidence that the full year's results would be satisfactory.

The rights issue, which is underwritten, is on a one-for-three basis at 40p. The major part of the funds raised would be applied against the level of bank borrowings and would finance increasing working capital requirements.

After six months tax of £350,000 (£335,000) earnings per share were shown as 6.5p, compared with a restated 4.7p, while the interim dividend is, in effect, lifted from an adjusted 1.5p to 2p — last year's final distribution was equivalent to 4.33p, and directors intend to recommend a final of not less than 4.5p for 1986.

The directors pointed out that they would continue to investigate all opportunities for expanding the company's scale of operations, both in manufacturing and distribution, while the reduction in borrowings would provide greater flexibility in considering suitable acquisition possibilities.

Banro was continuing to benefit from strong export demand in North America for its range of sunroofs, while Plated Strip (International) had maintained its progress. The French subsidiary, Farnier et Penin SA performed well and prospects were most encouraging, directors stated.

Lintek (Motor Cycle Accessories), which was acquired in September 1985, had met expectations and the directors were confident that there was considerable scope for further growth. They added that part of the rights proceeds would also be used to pay the first instalment, due next April, of the deferred consideration for the Lintek acquisition.

Explaining reasons for the rights issue the directors said that an increased level of trading during the first half of the year had generated significant additional working capital requirements which, to date, had been serviced by increased bank borrowings.

The group's level of funds had been depleted by extended credit arrangements in North America and certain items of non-recurring expenditure, such as costs incurred in the successful defence against the bid from CH Industrials of £250,000, and the acquisition of Worcester, from the receiver, for £350,000.

Bemrose gets off to a good start

Bemrose Corporation, security printing and advertising, promotional and retail products group, has fulfilled its expectations of a good start to the year with first-half pre-tax profits of £707,000.

In the comparable period of last year the group incurred a £728,000 pre-tax loss on turnover of £30.4m, including a £12.17m contribution from the packaging businesses sold at the end of last year. However, a recovery in the second half resulted in profit of £1.62m for the year.

Bemrose attributed the result just recorded on turnover of £18.21m to a strong performance at Bemrose Security Printing, together with savings in group headquarters and lower interest costs. It added that borrowings in the six months to June 28 were also down sharply, mainly due to the disposal and stringent cash controls.

The interim dividend is being raised from 1p to 3p per ordinary 25p share. Earnings per share have risen to 3.6p from a loss of 7.57p

A payment of £319,000 was made in July in settlement of a dispute with Spesi SA in connection with the supply of a text processing system. The extraordinary charge made to cover this was offset by excess provisions made last year on the sale of Bemrose Packaging, resulting in a nil extraordinary charge.

Bemrose was pleased with the first-half results of its operations for supplying personalised goods to the US advertising industry.

In the second half, normally the stronger period, the calendar, diary and advertising products business is expected to produce satisfactory results. Improved profits in the giftwrap and designs for transfer-printed fabrics are expected to continue.

Candover ahead and pays first interim

Candover Investments, management buy-out specialist, yesterday reported net assets up 13 per cent to 223p per share as at June 30 1986, compared with 198p six months earlier.

With after-tax profits for the half year 63 per cent higher at £274,000, against £168,000 in the first half of 1985, the company is paying a first-ever interim dividend of 2p net. Last year's single final was 4p from £444,000 net profits.

Total half-year income rose by £450,000 to £944,000. Pre-tax profits were ahead 61 per cent at £419,000 (£260,000) and earnings per 25p share increased from 2.34p to 3.84p.

Commenting on the figures, Mr P. G. Wreford, the chairman, said that while the first-half performance produced a satisfactory result, "Candover's profit depended partly on transaction fee income which was relatively high in the first six months."

Shareholders are told that the valuation of the eHare Candover Exempt Fund, which was launched in March 1984 and is now almost fully invested, had risen over the two and a half year period from the initial capital value of £7.48m to a net asset value at June 30, 1986, of £10.89m—adjusted to include the value of certain investments which have recently been distributed to unitholders following a stock market listing or realisation.

Mr Wreford said this increase of 46 per cent was "most encouraging, particularly in view of the fact that a significant proportion of the Fund's capital had only recently been invested."

Candover's option rights, as managers of the Fund, had already produced a useful benefit to the company's net asset value, and "consideration is now being given to the launch of a successor fund so as to build on this progress."

During the half-year Candover continued to be active in arranging and investing in buy-ents where less than £10m of equity was required with 10 investments, five in new companies and five in existing Candover companies.

No investments were made in the half-year under the Electra Candover Direct Investment Plan which Candover manages in partnership with Electra Investment Trust: this is intended to specialise in management buy-out of UK-based companies where the equity required is more than £10m. But the chairman added that a number of projects were currently being evaluated.

Trade Indemnity income rises

Trade Indemnity, the credit insurance company, has reported an increase in premiums written in the first half of 1986 from £31.51m to £35.31m. Claims paid in the period increased from £14.08m to £14.93m.

An interim dividend of 1.85p is being paid, compared with 1.417p previously, adjusted for the two-for-one scrip issue in May. The dividend will cost £402,726 (£307,859).

Mr Peter Dugdale, chairman, said the increased level of new business was due to successful marketing and increased awareness of the benefits of credit insurance.

Premiums written on the three open underwriting accounts in the period under review increased by 12 per cent from £31.51m to £35.31m. After reinsurance the company retained £15.87m (£13.2m).

The 1984 underwriting account, after making provision for all known claims, showed a credit balance of £5.87m (£4.96m). The 1985 account showed a credit balance of £7.64m (£6.16m).

M6 Cash & Carry jumps by 71%

M6 Cash & Carry, the wholesaling group which came to the USM in July, lifted pre-tax profits by 71 per cent from £271,000 to £464,000 in the 28 weeks to July 28 1986. The result largely reflected the company's policy of concentrating on margin improvement.

Turnover for the period dropped from £30.41m to £30.15m. Profits benefited from an exceptional credit of £53,000, against a £100,000 charge before.

Mr P. Baines, the chairman, explained that last year it was felt prudent to make an exceptional stock provision against a certain range of toys, but a satisfactory arrangement had been reached with the supplier and the stock disposed of, resulting in the exceptional profit.

Operating profits, before exceptional items, were £40,000 higher at £411,000. Growth in sales of higher margin products such as furniture, non-foods and alcoholic drinks compensated for reductions in groceries and provisions, the chairman said.

Tax charge was £81,000 (nil) and earnings per 25p share came to 6p (4.2p), or 5.2p (5.8p) excluding the exceptional item. An interim dividend of 1.06p net is being paid.

Mucklow rises 5% and sees further improvement

A. & J. Mucklow Group, the industrial property investment and development concern, has achieved the modest improvement in full year profits predicted at the interim stage. Pre-tax figures for the 12 months to June 30 1986 rose 5 per cent from £5.12m to £5.37m.

Gross rental income improved 11 per cent to £7.66m (£6.92m). After tax of £1.68m (£1.67m) earnings per 25p share rose from 6.54p to 7.01p. The final dividend is 3p net for a total net payment up from 5.05p to 5.4p.

The company said market conditions were continuing to improve. The property development programme was being expanded and indications were that pre-tax profits would improve further in the current year.

In industrial property, gross rental income in the year rose from £6.82m to £7.58m, including a first contribution from the Hersham Estate acquired in September 1985.

A professional review of the value of the industrial property portfolio was carried out at the year end and the properties were revalued at £66.42m, involving a reduction in the revaluation reserve of £2.47m. This reflected a deemed alteration in valuation yields affecting a substantial part of the portfolio. The revalued figures will be incorporated in the group's accounts.

BOARD MEETINGS

TODAY

Interims: William Baird, Baldwin, Barr and Wallace Arnold Trust, Barrow Hepburn, Boddingtons Breweries, Bodycote International, Charterhall North America, Clarke Nickolls and Coombs, Garton Engineering, Kenning Motor, Laporte Industries, More O'Ferrall, William Morrison Supermarkets, J. T. Parrish, Parry Group, Trinity International, Wolstenholme Rink.

Finals: Blanchards, Continental Microwave, EPCE, Hampden Homecare, Home Farm Products.

FUTURE DATES

Interims—

Anglo Eastern Plantations	Sept 23
Centreway Industries	Sept 25
Jerome (S.)	Oct 6
Petrocon	Sept 26
PLM	Oct 2
Sapphire Petroleum	Sept 19
Sintrom	Sept 22
Finals—	
Galliford	Oct 2
Halstead (J.)	Oct 6
Harvey and Thompson	Sept 24
Logica	Sept 24
Murray Ventures	Sept 23
Portland Holdings	Oct 15
Ramar Textiles	Sept 25

APPOINTMENTS

Cementation International new managing director

CEMENTATION INTERNATIONAL, overseas building and civil engineering arm of the Trafalgar House Group, has appointed Mr Michael J. Slater as managing director. A main board director of Cementation International since 1981, he was made assistant MD earlier this year. He was responsible for the company's largest project to date and one of the Middle East's largest building projects —the £308m Sultan Qaboos University Project, Oman. The university will shortly be admitting the first students and the 500-bed university hospital, currently under construction is scheduled for completion in 1988. Mr Slater is now responsible for all of Cementation's construction activities in West Africa, the Middle East, Caribbean basin and North America and for the development of potential projects elsewhere.

Mr Michael Slater, managing director of Cementation International

★

MARSH FINANCIAL MANAGEMENT, Tunbridge Wells, has made the following appointments: Mr David Croft to sales and marketing director; Mr Ron Buller group financial director and director in charge of the regional office in Dartford. Mr Trevor Rider administrative director.

★

Mr John R. Cunningham has been appointed senior advisor (banking) to THE NIKKO SECURITIES COMPANY (EUROPE), London. He recently retired from Coutts & Co. where he was an executive director and head of the international banking division; he remains a non-executive director of that bank. The Nikko Securities Company, a Japanese securities house, is seeking a UK banking licence on which Mr Cunningham will be advising Nikko. If the licence is granted he will be appointed chairman of the board of the new bank.

★

Mr Colin Keer has joined BANKERS TRUST COMPANY as a managing director, based in London. Mr Keer, previously a director of Samuel Montagu & Co., is to be jointly responsible for corporate finance business in the UK with particular responsibility for the development of Bankers Trust's merger and acquisition business and for organising the bank's public equity strategy in the UK.

★

Mr Maurice Healy, deputy director of the NATIONAL CONSUMER COUNCIL, is to be its director from January 1, 1987. He succeeds Mr Jeremy Mitchell.

★

Mr Geoffrey Kent has joined the board of CORAH as a non-executive director. Until recently he was chairman and chief executive of the Imperial Group. He is a director of Lloyds Bank and Lloyds Merchant Bank Holdings. He is also chairman of the North and East Midlands regional board of Lloyds Bank.

★

Thirty years after joining the Berkhamsted office of Stimpson, Lock and Vince as an office boy at the age of 17, Mr Kenneth Macfarlane has returned to where his career began. He has been appointed new homes manager for its expanded successor STIMPSONS, part of the Black Horse Agencies network, a Lloyds Bank subsidiary.

★

Mr Ian Dixon, deputy chairman of John Wilmott Holdings of Shefford, Beds., has been appointed vice chairman of the CBI's eastern region council. He is vice president of the Chartered Institute of Building.

★

Mr Andrew Sofronion and Mr Kenneth Ketteringham, respectively chairman and managing director of Chessminster Group, have been appointed directors of BENLOX HOLDINGS.

Accountancy Appointments

FINANCIAL CONTROLLER
(DIRECTOR DESIGNATE)
QUOTED COMPANY—KINGSTON

ACA 28-35 **Package to £25,000**

Our client is a fast growing company in the Hi-Tech fiald with fully computerised management information systems.

The current F.D. has taken-up a more ganeral management role within the company, following tha company's sustained growth. A suitable replacement is now being sought to report directly to the Managing Diractor. The rola will cover tha normal financial controls with added responsibility for the continuing growth and improvement of the company's internal management systems.

The successful candidate, will posess and have demonstrated a high level of commercial awareness in addition to tha usual expected skills.

Pleasa raply In Strict Confidence,
Philbrand Associates
8 Blackhills Esher KT10 9JW

Financial Controller Are you outstanding?

We are a firm of executive search consultants. Our client — a leading international food manufacturing company based in the Midlands, has assigned us to find a first class Financial Controller who is seeking a unique career opportunity. To succeed you would need to meet the following criteria:

age 28–40 years
salary Currently earning in excess of £18,000
possess
★ first class financial skills;
★ a track record in successfully managing high calibre personnel;
★ the drive and ability to reach a top management position within a short period of time;
★ the desire to stretch your capabilities and broaden your experience in a competitive and professional environment.

Please write in complete confidence to me, Joanna Man, *Ely House, 37 Dover Street, London W1X 3RB.* Telephone 493 8S27.

Chartered Accountants and the Big Bang

City **Salary £20,000 + and Benefits**

Spicer and Pegler, one of the fastest growing accountancy practices in the UK, with a leading reputation in the City, is now seeking to recruit additional managers for its financial sector group covering major banks and security houses.

Successful candidates will ideally be graduate Chartered Accountants already holding a senior position in a professional environment who can demonstrate both experience and interest in the exciting and internationally expanding banking and financial services sector.

There are excellent opportunities for career progression with commensurate financial rewards.

If you have the required credentials, you should send in confidence, a detailed CV, including current salary to John Cornish, at Spicer and Pegler, Friary Court, 65 Crutched Friars, London EC3N 2NP.

Spicer and Pegler
Chartered Accountants

GROUP FINANCIAL DIRECTOR

NOTTINGHAM **£26K neg**

Basford Textile Group Limited is a well-established group with a profitable turnover of approximately £10M, (including a significant export element). Group headquarters are in Nottingham; other locations are dispersed within the UK. The Board now wishes to appoint a Group Financial Director.

The successful candidate will be a chartered accountant – with experience in industry, preferably manufacturing or processing. He or she will be an intelligent, clear-thinking diplomat who is able to combine both strategic and tactical financial thinking and who has the ability to debate business issues positively and creatively. Age indicator 30-50.

Salary negotiable from £26K. Share option scheme. Car. Pension. Medical insurance. Bonus scheme. Assistance with relocation.

For further information and an application form please telephone Windsor (0753) 867175 (24 hours), or write with full details including salary progression to David Mackintosh, Manager – Human Resources, 3i Consultants Ltd, 8 High Street, Windsor, Berkshire SL4 1LD quoting reference DM/618.

3i Consultants Ltd
Human Resources Division

DIVISIONAL FINANCE DIRECTOR

Thames Valley **To £30,000 + Car + Benefits Package**

Our client, a diverse UK public company has achieved an enviable record of growth in recent years. In keeping with continuing growth trends a requirement has been identified for an additional senior financial executive to enhance the effectiveness of management at divisional level.

Responsibilities will include co-ordinating financial reporting for a number of subsidiaries both in the UK and overseas. Developing and preparing budgets, plans and forecasts and maintaining accounting standards throughout the division. It is envisaged however, that the major contribution from this role will emerge from ad hoc exercises undertaken across a broad spectrum of financial matters including new investments and acquisitions.

Suitable candidates will be qualified accountants, preferably graduates, aged 33-45, experienced both in head office and operating company environment. *A strong commercial flair and flexibility of approach* are essential as the position could lead towards general management responsibilities.

In addition to a highly competitive salary the position offers a comprehensive benefits package which includes a performance related bonus scheme, share options, private medical insurance, and relocation assistance where appropriate.

Please apply in writing to Peter Breen.

Robert Half Personnel, Freepost, Roman House, Wood Street, London EC2B 2JQ. 01-638 5191.

ROBERT HALF

EUROPEAN TROUBLESHOOTERS

ACA/CA/BMA's or equivalent **Neg to £21,000**

Based in READING, Berkshire, our client is a major U.S. COMPUTER MANUFACTURER whose EUROPEAN turnover exceeds £2,500M. number of opportunities arise for well qualified HIGH ACHIEVERS aged 25-30 who wish to travel extensively in EUROPE. Being able to communicate in another European language would therefore be an advantage but is not a *sine qua non.*

Successful candidates will not only encounter a friendly, dynamic working environment but can also look forward to RAPID PROMOTION to line management positions in the near term.

If you have a GOOD RELEVANT DEGREE, are qualified ACA/CA/ACCA or equivalent and willing to undertake assignments with ENTHUSIASM AND PANACHE please call in the first instaance and send your c.v. to:

TIM WINGHAM ACA
Accountancy Appointments Europe
International Business Centre
1-3 Mortimer Street,
London W1N 7RH
Tel: 01-580 7739

Accountancy Appointments Europe

International Appointments

CHIEF ACCOUNTANT
MIDDLE EAST

A Chief Accountant is required for a Medical Disposable Manufacturing Plant in Bahrain.

This position will cover all aspects of accounting including credit control, and assisting in negotiations with international banks.

It is unlikely that anyone aged under 40 will have the necessary experience, as a good track record within a similar industry coupled with at least 5 years' experience of the Middle East is essential.

In return, we offer a tax-free salary off £20,000 pa plus accommodation and car, with a substantial increase after completion of a successful first year.

The successful applicant will hold bachelor status in the first year, and therefore 4 weeks leave (plus 15 national holidays) together with 2 return air tickets to the United Kingdom will be provided.

Applications in the strictest confidence to Box AO267, Financial Times, 10 Cannon Street, London EC4P 4BY

FINANCIAL ANALYST HOLLAND

hci

A multi-national company engaged in the trading, shipping, storage and distribution of chemicals throughout North, Central and South America requires a *young professional* accountant to join its corporate staff based in AMSTERDAM.

Responsibilities of the position will include:
— Analysis of the monthly results of approximately 50 subsidiaries;
— Assisting with the preparation of the Group budget, year-end closing and annual report;
— Monthly consolidation of Group results.

The job involves close liaison with tha president and senior management and it is essential that the successful applicant has had experience at a similar level. Other requisites are:
— University qualification;
— Ability to work to tight deadlines;
— Experience in computerised accounting systems.

Preference will be given to Spanish-speaking candidates.

The position offers an excellent remuneration package including relocation costs, etc., and possibilities of future relocation to Latin America.

Interested candidates should send a written curriculum vitae to:

The Chief Financial Officer
Holland Chemical International (Services) B.V.
P.O. Box 12910, 1100 AX Amsterdam

SENIOR FINANCIAL ACCOUNTANT

Fluent in Arabic **up to £90,000 package tax free**

Based in the Gulf, this substantial investment management agency, established by the Government of a Middle Eastern country, is growing in size and complexity. A qualified Senior Financial Accountant is required for the agency's investment accounts department.

Reporting to the Director, Investment Accounts, key responsibilities will be reviewing accounts and operational requirements and implementing and managing enhanced procedures. Particular emphasis is placed on computerised accounting and management information systems development.

Fluent Arabic is required for this position. Professionally qualified candidates should also be experienced in developing, implementing and managing integrated accounting systems.

The remuneration package will include the full range of expatriate benefits, including accommodation, car, air fares and a two year renewable contract on a single or married basis. All applications will be discussed with our client and candidates should therefore indicate any organisation for which they do not wish to be considered.

Please write in confidence, enclosing career details and quoting ref. 2577/L to, Mike Smith, Executive Selection Division.

PEAT MARWICK

Peat, Marwick, Mitchell & Co.,
165 Queen Victoria Street, Blackfriars, London EC4V 3PD.

Head of Internal Audit Sultanate of Oman

c£27,500 equiv + benefits

Our client, a department of the Government of Oman, wishes to recruit an enthusiastic Chartered Accountant for this key appointment based in Muscat.

The successful applicant will report to the head of this department and be responsible for the continuing development of audits, covering operational and financial procedures including computerised systems. In so doing there is also a continuous need to initiate new programmes and expand the audit function.

Suitable applicants, 25 years and upwards, must be Chartered Accountants offering solid audit expertise and currently employed in the "profession" or in a large organisational internal audit department. In addition they must have a natural enthusiasm and ability to make a positive contribution to this key function.

As well as a tax free salary which provides a high savings potential, other benefits include car, free air-conditioned furnished accommodation (married or single status), free medical coverage and generous fully-paid UK home leave twice per annum. Initial contract is for two years, renewable.

Candidates should apply in confidence enclosing a full CV and current salary and quoting reference MCS/7198 to
Michael R. Andrews
Excutive Selection Division
Price Waterhouse
Management Consultants
No 1 London Bridge
London SE1 9QL

Price Waterhouse

Worldwide Travel Line Management Opportunities
Single or Married Status

Our client, one of the most advanced U.S. oil majors with revenues exceeding $60 billion, is seeking to strengthen its Corporate audit resources.

Opportunities are currently available for both operational and EDP auditors.

A policy of promoting members of its international audit team to line positions, after acquiring at least 3 years' experience of worldwide operations, has led to these current vacancies.

Assignments range from 2-4 months in any one location, with audit teams travelling directly from one country to the next. Audit reviews are performed in most countries throughout Europe, Africa, Far East and South America. *Proficiency in a second language* would be a definite asset.

Candidates for operational audit should be ACA's or equivalent, ideally with a large firm background, aged mid to late 20's. The EDP audit role demands an EDP audit background, preferably in a major organization. Both positions require a high level of self motivation, excellent communication skills and a demonstrable level of achievement to date.

The attractive remuneration package includes an after-tax salary of c£14,800, which offers an opportunity for capital accumulation of around 80%, as full travel and living expenses are paid for both employee and spouse.

Interested applicants should contact **Phillip Price** or **Ben Colman on 01-831 0431** or write, enclosing a comprehensive c.v., to Michael Page International, 39-41 Parker Street, London WC2B 5LH, quoting ref. 4985.

MP

Michael Page International
Recruitment Consultants
London Brussels New York Paris Sydney
A member of Addison Consultancy Group PLC

LONDON RECENT ISSUES

EQUITIES

Issue Price	Amount Paid up	Latest Renunc. Date	1986 High	1986 Low	Stock	Closing Price	+ or –	Net Div.	Times Cov'd	Gross Yield	P.E. Ratio
160	F.P.	5/9	185	165	Acatos & Hutcheson 50p	178	......	bd 5.25	2.9	4.2	11.9
ǁ ǁ	F.P.	—	53	41	Bertrams Inv. Tst.	42	......	—	—	—	—
§45	F.P.	—	59	30	‡Broad St. Grp.10p	56	+3	b1.1	2.2	2.8	23.1
100	F.P.	4/9	85	84	Child Med C.IT£1‡‡	85	......	—	—	—	—
§110	F.P.	12/9	130	111	‡Colne Int 5p	129	–1	R2.7	3.4	3.0	14.1
§130	F.P.	17/10	195	152	‡Creighton Labs 20p	188	......	U3.7	2.2	2.8	22.8
160	F.P.	—	146	136	Euro Home Products 5p	136	......	R4.25	2.5	4.4	10.5
134	F.P.	—	161	134	‡F & H Group 10p	147	–1	L4.76	2.5	4.6	12.1
150	P.P.	25/7	172	150	Guthrie Corp	166	–1	¢6.3	2.2	4.5	10.6
150	F.P.	15/8	165	156	Harrison Inds. 10p	157	......	¢5.0	2.7	4.5	11.8
105.25	F.P.	—	108	104	India Fund £1	108	......	—	—	—	—
—	F.P.	29/8	£39	£36	JF Pacific Warrant S.A.	£37	+1	—	—	—	—
110	F.P.	5/9	98	88	‡Marina Dev. 50p	89	......	R3.33	3.0	5.0	8.5
§75	F.P.	24/10	79	75	‡Newage Trans 5p	75	......	R3.5	2.5	6.6	8.5
§25	P.P.	22/10	25½	25½	Nth of Scotland Inv 10p	25½	......	—	—	—	—
§33	F.P.	29/8	34	27	‡Omnitech 1p	28	......	—	—	—	—
—	F.P.	—	16½	9	Sutcliffe Speak Wrnts	15½	–1	—	—	—	—
130	F.P.	21/8	173	137	‡TV-am 10p	166	+1	R5.75	2.6	4.9	11.1
††	F.P.	—	100	85	Welsh Ind. Inv. Tst. 5p	85	......	—	—	—	—
125	F.P.	10/10	156	138	Yorkshire TV	139	......	96.25	2.4	6.3	9.4

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1986 High	1986 Low	Stock	Closing Price £	+ or –
£100	£10	29/10	10½	5½	Bournem'th & Dist Wtr 10¾% Rd Db 1996	5½	–1¼
ǁ	F.P.	10/10	105	96	Egerton Tst 7% Cv Cm Red Pf	96	......
¶¶	F.P.	24/9	94	84	Hollis 252% Cnv. Subord. Ln. 1988 (2¾p)	84	......
—	—	—	29	27	JF Pacific Warrant S. A. Pref.	27	–½
§100	£20	—	9½	8½	Mid-Sussex Water 11% Red Deb 2012-16	8½	–½
§100	F.P.	20/10	110½p	105p	Mountleigh 5.25% Cnv. Cum. Prf.	110p	......
§99.937	£25	24/10	25¼	23¾	Nationwide 3¾% IL Ln. 2021	24¼	–¼
—	F.P.	—	100⅛	99¾	Do 10⅛% 17/8/87	99¾	–⅛
—	F.P.	—	100⅛	99½	Do 9⅞% 7/9/87	99½	–⅛
—	F.P.	—	100⅛	100	Do 10⅛% 21/9/87	100	–⅛
§100	£10	29/10	10⅝	5½	Portsmouth Water 10⅞% Red Deb 1996	5½	–1¼
ǁ	Nil	24/10	6¾pm	2½pm	Rush & Tompkins 7.5% Cnv.Cum.Red.Prf.£1	2½pm	–1½
96.645	£25	—	24¼	21½	Scot. Met. Prop. 10¾% 1st Mort. Deb. 2016	21½	–1
—	F.P.	—	97	96	Sutcliffe Speak 9½% Red. Cnv. Prf.	96	–1

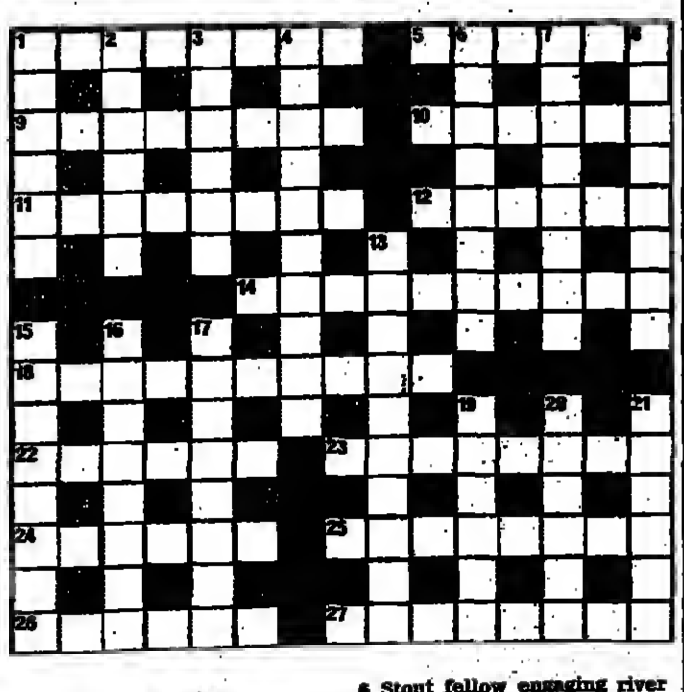
"RIGHTS" OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1986 High	1986 Low	Stock	Closing Price p	+ or –
168	Nil	10/10	28pm	17pm	Allied Irish Banks	26pm	......
200	Nil	24/10	9pm	5pm	Berkeley Technology	9pm	......
138	F.P.	10/10	146½	140	Brown & Tawse	145	......
ǁ	Nil	24/10	1pm	½pm	Cambrian Venture Cap. 5p	1pm	......
25	Nil	—	8pm	8pm	Christy Hunt	8pm	......
276	F.P.	14/10	306	295	FII Group	295	......
215	Nil	—	5pm	4pm	New Court Nat.Res. 5p	4pm	–½
215	Nil	22/10	25pm	13pm	Persimmon 10p	18pm	......
315	Nil	24/10	30pm	15pm	Sedgwick Group 10p	15pm	–2

Renunciation date usually last day for dealing free of stamp duty. a Annualised dividend. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. F Forecast dividend cover on earnings updated by latest interim statement. H Dividend and Yield based on prospectus or other official estimates for 1987. L Estimated annualised dividend, cover and p/e based on latest annual earnings. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma Figures t Indicated dividends; cover relates to previous dividend; p/e ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. ¶ Issued by tender. ǁ Offered holders of ordinary shares as a "rights." ǁǁ Introduction. ** Issued by way of capitalisation. § Placing price. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or takeover. ▮▮ Allotment price. ‡ Unlisted securities market. †† Official London listing. ‡‡ Including warrants entitlement.

F.T. CROSSWORD PUZZLE NO. 6,128

VIXEN



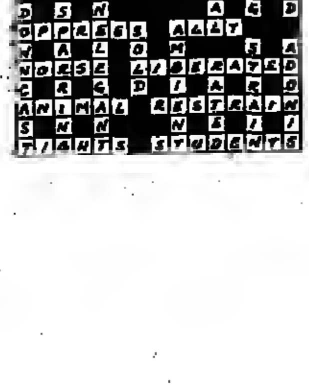
ACROSS

1 The sailor's fears are disguised (8)
5 Anxious as a result of a loud attack (6)
9 Walk around one's garden (8)
10 Given wrong signal, makes a row (6)
11 Reputation is cardinal! (8)
12 High-powered firm (6)
14 Conceal nothing—pull a glum face maybe about it (10)
18 Choose to speak for enfranchised people (10)
22 Bed (not backing) made of non-synthetic fibre (8)
23 Turn less calm (8)
24 Middle Eastern country song about 1 across (6)
25 Prizing for example u merry party when retired (6)
26 13 down the Spanish find tawdry stuff (6)
27 Trade's bad all round the South-east, it's alleged (8)

DOWN

1 Such a meal requires a little catsup perhaps (6)
2 Expert way the French drive (6)
3 A man of the cloth went first, and that's not good (8)
4 Furnishing unworried over natural growth in the Civil Service (4-6)
6 Stout fellow engaging river workers (8)
7 Practically of the same value (2,4,2)
8 "Men only . . . of creatures rational." Milton (Paradise Lost) (8)
13 They'll hold tons—a nicer arrangement (10)
15 Write music, showing a certain partiality (8)
16 Check balance before the fall (6)
17 A protein—could be a poison (8)
19 Stick notice on present (6)
20 Soldiers cannot withdraw (6)
21 Like college head, object to rise (6)

Solution to Puzzle No. 6,127



AUTHORISED UNIT TRUSTS

FT UNIT TRUST INFORMATION SERVICE

[illegible]

AUTHORISED UNIT TRUSTS & INSURANCES

Waverley Asset Management Ltd (a) (c) (g)
13 Charlotte Sq, Edinburgh 031-225 1551

Australasian Gold	21.0	22.4	—	0.15
Pacific Basin	16.4	17.5	+0.3	0.2
Canadian Select Growth	56.7	60.6	−0.9	0.98
Goodie Wise	101.4	105.7	0.0	7.1

WestAvon Unit Trust Managers Ltd(a)(c)
9 Portland Square, Bristol BS2 8SS 0272 428431

British Smllr Cos (z)	57.6	71.2xd	−0.2	1.75
British Growth (z)	64.3	68.2xd	−0.5	2.00
British Income (z)	63.6	67.7	−0.5	4.50
British Extra Yield(z)	50.2	51.6	−0.5	6.50

Whittingdale Unit Trust Managers
2 Honey Lane, London EC2V 8BT 01-606 9085/6

Short Dat Gilt Fd	47.7	48.8	−0.1	0.00
U.S. Govmt Bond Fd	0.511	0.513	—	—

Windsor Trust Mngrs Ltd
83 Kingsway, London, WC2B 6SD 01-405 8331

Comdt & Equity Trt	48.4	52.1	−0.9	7.38
Growth Trust	51.7	45.0	−0.7	2.46
Income Trust	53.6	57.3	−0.4	5.30

Wright Seligman Fund Managers Ltd
11 Moorfield St, London EC2M 7AY 01-588 0992

Exempt Fund	69.1	72.4	—	2.40

Weekly dealing day Tuesday

The Yorkshire General Trust
Woodsome Pk, Fenay Bdge, Huddersfield 0484 602250

Y.G.T.	126.4	134.5	−0.9	3.24

INSURANCES

AA Friendly Society
Investment Mngt M & G Inv Mngt Ltd
PO Box 93 Cardiff CF1 4WW 0222 35342

AA Friendly Sy Aug 12	135.9	—	—

Abbey Life Assurance Co Ltd
80 Holdenhurst Road, Bournemouth 0202 292373

City of Edinburgh Life Assurance
46 Charlotte Sq, Edinburgh EH2 4HQ 031-225 1655

Ivory & Sime Bond	104.0	110.0	—	—
Nat & Reward Bond	123.0	130.0	—	—
Murray Johnstone Fd	121.0	128.0	—	—
Money Market Fd	101.0	107.0	—	—
Ivory & Sime Pens Fd	106.0	112.0	—	—
Nat & Reward Pens Fd	105.0	111.0	—	—
Murray J'stone Pens Fd	118.0	125.0	−3.0	—
Money Market Pens Fd	101.0	107.0	—	—

City of Westminster Assurance
Sentry House, 500 Avebury Boulevard, Cent Milton Keynes MK9 2LA Tel: 0908 606101/660088

Current Series				
Property Fund	223.0	239.0	—	—
Money Fund	222.3	234.0	—	—
Managed Fund	401.0	422.9	−3.0	—
Equity Fund	253.3	266.7	−1.8	—
Fixed Interest Fund	143.4	151.0	−1.6	—
Far East Fund	209.7	220.8	−5.1	—
North American Fund	164.2	172.9	+0.6	—
Natural Resources Fund	135.0	142.2	−1.4	—
Pension Managed Fund	376.3	396.2	−1.9	—
Pension Equity Fund	220.6	232.3	−2.1	—
Adventurous Mngd Fd	111.2	117.1	−0.1	—
Balanced Mngd Fd	107.1	112.8	−0.4	—
Conservative Mngd Fd	105.2	110.8	−0.5	—
European Fund	124.3	130.9	−0.2	—
International Fund	107.9	113.2	−0.1	—

For other prices please telephone 0908 606101/660088

Clerical Medical/Fidelity International
Narrow Plain, Bristol BS2 0JH 0272 290566

Investment Funds				
Mixed	130.4	137.8	+1.2	—
Equity	149.6	157.5	+2.8	—
Property	109.1	114.9	—	—
Gilt & Fixed Interest	110.4	116.8	−0.1	—
Indexed Securities	100.4	105.7	−0.8	—
Cash	107.5	113.2	—	—
North American	102.8	108.3	+1.7	—
Far East	136.5	143.2	−0.2	—
International	121.9	128.4	+0.7	—
Special Situations	142.0	149.5	+2.3	—
International Income	138.2	145.5	+2.4	—
American Income	113.1	119.1	+2.3	—
European	145.6	153.3	−2.7	—
Flexible Retirement Plan				
Mixed	133.6	140.9	+0.2	—
Equity	143.7	151.3	+0.8	—
Property	114.5	120.6	—	—
Gilt & Fixed Interest	117.1	123.3	−2.0	—
Indexed Linked	103.5	109.0	−0.8	—
Cash	115.6	121.5	—	—
North American	106.6	123.0	+2.1	—
Far East	141.0	148.5	−0.4	—
International	128.1	134.9	+0.5	—
Special Situations	159.1	167.5	+3.3	—
European	165.3	174.0	−3.0	—

INSURANCE, OVERSEAS & MONEY FUNDS

[illegible]

MANAGEMENT SERVICES

[illegible]

OFFSHORE AND OVERSEAS

[illegible]

World Fund S.A.
2 Boulevard Royal, Luxembourg

World Fund NAV	$18.32		−0.20	—

World Wide Growth Management
10a, Boulevard Royal, Luxembourg

Worldwide Gth Fd	$16.03		−0.27	—

Inv. Adv.: M. & G. Inv. Mngt. Ltd, London

Yamaichi Dynamic Mngt Co SA
10A Boulevard Royal, Luxembourg

Advanced Tech	$16.93		−0.19	—
Dynamic Grth Fd	$19.04	−0.35	—	—

Zero Bond Fund Limited
PO Box 208, St Peter Port, Guernsey 0481 26268

Zero Bond Fund	$11.95	12.4	−0.07	—

Money Market Trust Funds

	Gross	Net	Gr Equiv CAR	Int Cr
The Charities Deposit Fund 2 Fore Street, London EC2Y 5AQ 01-588 1815				
Deposit	9.50		—	3-Mth
The Money Market Trust 63 Qn Victoria St, EC4N 4ST. 01-236 0952				
Call Fund	9.09	6.65	9.70	6mth
7-day Fd	9.30	6.80	9.94	10.65
Oppenheimer Money Management Ltd 66 Cannon St, EC4N 6AE. 01-236 1425				
Call Fd	8.92	6.64	9.33	6-Mth
7-day Fund	9.42	7.29	10.30	6-Mth
Dollar	5.81	—	—	6-Mth

Money Market Bank Accounts

	Gross	Net	Gr Equiv CAR	Int Cr
Adam & Co. plc 22 Charlotte Sq, Edinburgh EH2 4DF 031-225 8484				
Full Service Chr Acc	9.25	6.80	9.82	Qtr
Allied Home 30 City Road, EC1V 2AY. 01-638 6070				
Treasury Acc	9.25	6.91	9.59	Qtr
Mth. Inc. Chq.	9.25	6.93	10.04	Mth
Allied Arab Bank Ltd 97-101 Cannon St, London, EC4N 5AD 01-283 9111				
High Inc. Cheque Acc	10.125	7.58	11.04	Mth
Bank of Scotland 38 Threadneedle St, EC2P 2EH. 01-628 8060				
Money Mkt Cheque Acc	9.30	6.95	10.11	Mth
Barclays Prime Account PO Box 125, Northampton 0604 252891				

[illegible]

NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % (shown in last column) allow for all buying expenses. Prices of certain older insurance linked plans subject to capital gains tax on sales. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ¶ Guernsey gross. ‡ Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. ♦ Yield column shows annualised rates of NAV increase. xd ex dividend.

TRADITIONAL OPTIONS

3-month call rates

Industrials	p		p
Allied-Lyons	30	NEI	11
Amstrad	23	Nat West Bk.	48
BAT	35	P & O Dfd	45
BOC Grp.	28	Plessey	15
BSR	11	Polly Peck	16
BTR	28	Racal Elect.	16
Babcock	27	RHM	29
Barclays	45	Rank Org Ord	45
Beecham	40	Reed Intnl	75
Blue Circle	55	STC	16
Boots	22	Sears	12
Bowaters	30	TI	42
Brit Aerospace	45	Tesco	32
Brit. Telecom	17	Thorn EMI	40
Burton Ord	28	Trust Houses	15
Cadburys	17	Turner Newall	18
Charter Cons.	22	Unilever	120
Cowan Union	28	Vickers	40
Courtaulds	25	Wellcome	17
FNFC	17	**Property**	
Gen Accident	75	Brit Land	16
Gen Electric	17	Land Secs	30
Glaxo	85	MEPC	32
Grand Met	34	Peachey	24
GUS 'A'	85	Samuel Props	25
Guardian	75	**Oils**	
GKN	32	Brist. Oil & Min.	$2\frac{1}{2}$
Hanson Tst.	16	Brit Petroleum	46
Hawker Sidd	48	Burmah Oil	30
ICI	55	Charterhall	4
Jaguar	38	Premier	$3\frac{1}{2}$
Ladbroke	32	Shell	55
Legal & Gen	24	Tricentrol	11
Lex Service	28	Ultramar	18
Lloyds Bank	38	**Mines**	
Lucas Inds	52		
Marks & Spencer	18	Cons Gold	40
Midland Bk	44	Lonrho	24
Morgan Grenfell	30	Rio T Zinc	50

A selection of Options traded is given on the London Stock Exchange Report Page.

COMMODITIES AND AGRICULTURE

China faces problems in meeting aluminium goals

BY STEFAN WAGSTYL

CHINA'S aluminium industry, which has been singled out for rapid expansion under tha country'a 1986-90 Five Year Plan, will face serious difficulties in meeting its growth target.

Ambitious proposals are being put forward for new plants, but existing smelters are being plagued by power shortages and the poor quality of Chinese bauxite, the ore from which alumina, the raw material for smelting, is produced.

As a result, some smelters are running below capacity and China—a country with large bauxite reserves—is forced to import elumina from abroad—about 300,000 tonnes o year according to one Hong Kong trader.

The position et Guizhou Aluminium Plant, China's most modern smelter completed by a Japanese company in 1981, is particularly embarrassing for the non-ferrous metals industry. The 800m yuan (£150m) plant, built in an economically-backward but bauxite-rich province was intended to show China's ability to run o self-reliant advanced industrial centre in a remote area—but the smelter, 600 miles from the nearest port imports an estimated 80,000 tonnes of elumina a year from Australia, according to Hong Kong traders, or more than one-third of its needs. A stockpile of imported alumina, packed in large bags, lies in a storage yard near the smelter.

Meanwhile, China's largest smelter at Fushun, Liaoning Province, is understood to be running at about one-third of its 110,000-tonnes-a-year capacity because of power shortages in the area, which is heavily industrialised.

Mr Sheng Da Ming, an official at the planning department of the China Notional Non-Ferrous Metals Industry Corporation, said that new smelters (includ-

ing Guizhou) were sited near to sources of hydroelectric power. Chinese bauxite was difficult to treat, but China had developed unique technology to process it. Mr Sheng declined to comment on problems at individual plants.

China produces about 400,000 tonnes of aluminium a year, according to Western industry estimates. But this falls far short of consumption which has been growing rapidly as the Chinese economy has boomed with strong demand for electrical wiring, household utensils and cans.

In 1985 China imported 488,000 tonnes of aluminium—an increase of 93 per cent on 1984 and the largest single contribution to e total non-ferrous metals import bill of $800m. This year, China is making strenuous efforts to cut imports to save foreign exchange; imports for the first five months were 94,000 tonnes, 40 per cent down on the same period last year.

The China Notional Non-Ferrous Metals Industry Corporation plans to raise output by 420,000 tonnes by 1990, but concedes that the country will still need to import aluminium in sizeable quantities. It is pressing on with major investments—including the completion of an alumina plant in Shanxi province and a smelter built partly out of secondhand Japanese equipment in Gansu, and the proposed construction of a smelter in Guangxi Autonomous Region, which is being discussed with Pechiney, the French aluminium company, and George Wimpey, the UK construction company.

However, the largest recent investment of foreign exchange in aluminium has, significantly, been made abroad—the purchase of a 10 per cent stake in a new smelter at Portland, Australia, ot a cost of A$115m (US$72m).

US oil market recovers poise

BY LUCY KELLAWAY

OIL PRICES recovered their balance yesterday in New York, as the price of West Texas Intermediate moved firmly above $14 a barrel. By early afternoon it had risen by nearly 30 cents to $14.25 for October delivery.

The market seemed in some doubt as to how to interpret the last batch of figures from the American Petroleum Institute, released late on Tuesday, which showed a discouragingly large increase in stocks of both crude and refined products in the US. In the second week of September stocks of distillate rose by 6m barrels, while gasolene stocks were 4m higher and crude stocks up by 3m barrels.

Traders noted, however, that the serious glut of product may at least have stopped growing. Tuesday's statistics on refinery runs, which have been running ot up to 20 per cent higher than a year ago, show a fall of about 170,000 barrels o day, indicating that runs may be at last starting to come down.

In London, North Sea nil prices ended more of less unchanged, although during the day deals were struck over a wide price range, reflecting a general lack of conviction in the market.

Cargoes of Brent for November delivery traded for as little as $13.45 in the morning, recovering towards $13.80 in the early evening.

The recent bombing of Kharg Island is reported to have caused extensive damage and some dealers said yesterday this was the main influence supporting the market.

● North Sea production in August was a little below the July level, with daily rates down by 12,500 barrels in the UK and 3,500 in Norway. According to figures from James Capel, stockbroker, the average production of oil in the UK in the first eight months of the year was 2.59m barrels a day, compared to 2.53m barrels last year, and Norwegian production was 832,000 compared to 760,000 barrels a day.

Bangladeshi buffer stock steadies jute prices

BY ANDREW GOWERS

BANGLADESH, the world's largest jute producer, appears to have sncceeded in introducing a little stability to the world market with its recently-announced plan to create a buffer stock of the commodity —for the time being at least.

Traders report that prices for raw jute have firmed in recent weeks—particularly for higher-quality grades. The most traded raw jute grade, BTD/BWD, which is used to make grain sacks among other things, has risen by about 10 per cent in the past four weeks, according to R.E.B. Willcox, a London trade house.

However, traders caution that the market has been thin in the past month, and uncertainty is such that prices have varied considerably from seller to seller. There is also considerable nervousness as a result of forecasts that the crop will be of poor quality, particularly in white jute.

Willcox says in its latest market report that the Bangladeshi jute policy, announced several weeks ago, was "a non-event." The government bas decreed that there should be no statutory minimum price for loose jute, and that it intends to create o buffer stock of about 3m bales.

The report says: "The feasibility of this must be questionable from both the financial standpoint and the availability of godown (warehouse) space."

The report sayps Bangladeshi prices are highly competitive, especially with Indian prodnct, in spite of a glut of fibres in the latter country.

"With the diparity in local prices in the countries, there will no doubt be sizeable quantities of jute going over the border from Bangladesh to India."

In jute goods, European traders are said to be seriously concerned about an order backlog resulting from several months of reduced production at many Bangladeshi mills. Willcox says this is now seriously affecting availability of bags in the European market, at a time when they are badly needed for potato havesting.

Producers seek coffee export quota extension

CONSUMER countries in the International Coffee Organisation will today consider a producer proposal to extend the present basis of export quota distribution for another year.

It is already clear, however, that consumers are not happy with the proposal, since they have been seeking a new distribution basis for the remaining three years of the International Coffee Agreement which is to end in September 1989.

At an ICO executive board meeting consumers reminded prodncers they had earlier rejected any sucb extension since they want quotas distributed on a rational basis, ICO delegates said.

The quota distribution issue is not expected to be resolved at this ICO council session, scheduled to continue until September 26, since while quotas are suspended there is no immediate pressure to reach a solution, delegates said.

Quota were lifted last February and are not expected to return for some time, since prices at about 178 cents per lb are well above the 134.55 cents trigger level

World wool clip 'will remain high'

BY ANTHONY MORETON

WORLD WOOL production in the 1986-87 season is expected to remain at the high level recorded in 1985-86.

First estimates from the Commonwealth Secretariat, which monitors output, suggest there will be "virtually no change in the size of the world clip" from last season'e 2.96m tonnes greasy (1.66m tonnes clesn).

With output in Australia, the world's biggest wool producer, likely to resume its long-term upword trend after last year'e pause, significantly more wool will probably be availsble over the next few years than in the five seasons to 1984 when the average world clip was 2.898m tonnes greasy (1.63m tonnes clean).

The secretariat believes tho amount nf wool evailable in tho present season, which npened on July 1, will be abont 1 per cent, or 20,000 tonnes, higher ot 1.85m tonnes clean. This means thet availability will also remain at historically high levels.

With wool textile manufacturing activity beginning to flag in many countries, it suggests, supplies are likely to outstrip demand over the next 12 months.

Increased ovailability stems entirely from the significantly larger tonnage of wool carried forward from 1985-86.

Australian output is crucial in this equation. Because of the high-quality wool from its merio sheep, it is the source of the largest part of apparel wools entering international trade. Australian farmers have been revising their estimates upwards this year and now believe the 1986-7 clip could be es much as 833,000 tonnes greasy, a rise of about 2 per cent over the previous season.

Other increases are likely to be experienced in the UK—up 3.5 per cent to 60,000 tonnes—and in Pakistan, Chile and Yugoslavia.

The five-year drought has cut output in South Africa severely while the Soviet clip and that in China will both see reductions.

Farm crisis that will not go away

BY NANCY DUNNE IN WASHINGTON

AS ANOTHER long, hot summer of discontent on the US farm belt draws to a close, Congress has returned to face the fact that the 1985 farm bill has failed to perform any miracles for US exports.

Subsidies, which were supposed to provide a safety net for troubled farmers, are running well above budget—perhaps as much as $35bn (£23.7bn) this year—and still the bankruptcies go on.

Out in farm country there is sorrow. But, even more, there is outrage. The Farmers Home Administration, "the lender of last resort," is owed $30bn by its 275,000 borrowers, and has hired debt collection agencies to go after delinquent debtors. Even failed farmers are finding their wages threatened. Other farmers, accused of selling collateral they used for loans, are being sent to prison.

With key elections in the farm belt looming this November, both Republicans and Democrats are hoping to push through new legislation to fend off any reprisals their constituents might have in mind.

Senator Robert Dole, the majority leader, whose seat is thought to be secure but whose Republican majority is not, is leading a bipartisan coalition behind a bill calling for a new form of subsidies.

The legislation requires the US Department of Agriculture to institute a marketing loan programme, which would allow farmers to borrow for operating capital at one price and pay back at the lower world market price. The concept has already been adopted for rice and cotton; grain farmers have been casting envioue eyes on booming rice exports.

Similar legislation may be introduced by Mr Kika de la Garza, Democratic chairman of the House Agriculture Committee, and Mr Edward Madigan, the ranking minority member.

The concept faces strong opposition by the Reagan Administration on grounds of cost, reckoned at $3bn to $5bn. However, Congressmen may be willing to trade-off funds targeted for export initiatives, like the controversial export enhancement scheme, which is producing so much resentment among other producing nations.

Contradicting the underlying thesis of any export solution is the presence of the persistent world surplus and the lack of potential buyers. The Soviet Union, for example, the world's largest grain customer, has showed little interest in buying US wheat, even with a $15-a-tonne subsidy, and according to a recently released Central Intelligence Agency Study, it is unlikely tn increase its purchases.

According to the report, the Soviet Union will need only 30m-35m tonnes of grain in future years. Increased production by other countries can easily supply 20m-25m tonnes a year and even more given favourable weather.

With markets growing so slowly, farmers have been increasingly attracted to a low supply/high price solution. An USDA poll, released in August, concluded that mandatory wheat production limits were favoured by 54 per cent of the growers who voted. In 1963, the last time such a poll was taken, 47.8 per cent approved strict controls.

Several farm groups and Democrats, led by Senator Thomas Harkin of Iowa and Sen J. James Exon of Nebraska, have been pushing the mandatory controls at rallies around the country.

To cheering farmers, who bore signs like "Reaganomics hurts America," Senator Harkin last week asked: "If we export everything and get nothing for it, what good does it do us?"

Meanwhile, a group of 54 farm leaders from 14 countries met in Washington early this month to explore solutions for the imbalance in the agricultural markets. The group concluded that no single measure by one country or a group of countries could solve the surplus problem, but it recommended actions like land set-asides, direct production controls, farmer early retirement schemes, and adoption of less intensive farming techniques.


Senator Robert Dole: calling for new subsidies

USDA is hoping that Congress will be unable to act before October 3, the day scheduled for odjournment. Optimistically, they are predicting a dramatic 20 per cent rise in exports for the first full year of the Farm Bill. The recovery will be slow, they admit, and it will take at least another year before sufficient quantities can be exported to offset the lower price.

LONDON MARKETS

COPPER prices rose sharply on the London Metal Exchange yesterday, reflecting strength on New York's Commodity Exchange and reinforcing the firmer trend in the market since the beginning of this month. The market was also bolstered by a fall in sterling against the dollar. Cash grade A metal rose £13.75 on the day to close at £929 per tonne, its highest level since late June, when the market fell after US copper producers forced through swingeing labour cost reductions. Robusta coffee futures also continued to rise on the London Commodity Exchange, reaching fresh five-month highs above £2,500 in the morning before dropping to £2,462.50 per tonne in the November position, up £10. Cocoa futures fell, in line with New York, to close £14 down for December at £1,578.50 per tonne.

LME prices supplied by Amalgamated Metal Trading.

ALUMINIUM

	Unofficial close (p.m.) £ per tonne	+ or −	High/Low
Cash	827-9	−4	832/832
3 months	804-5	—	809.5/801

Official closing (am): Cash 831-2 (826-6.6). three months 808.5-9 (799-0.5). settlement 832 (826.5). Final Kerb close: 901-2. Turnover: 20,750 tonnes.

COPPER

Grade A	Unoffic'l close	+ or −	High/Low
Cash	928.5-9.5	+13.75	934/924
3 months	948.5-9	+15.5	952/934

Official closing (am): Cash 924-4.5 (910.5-1). three months 944-45 (930-3.5). settlement 924.5 (911). Final Kerb close: 946-7.

Standard			
Cash	906-7	+14.5	—
3 months	926-8	+13.5	

Official closing (am): Cash 902-2.5 (886-6.5). three months 922-3 (907-8). settlement 902.5 (886.5). US Producer prices: 63.5-67 cents a pound. Total Turnover: 18,360 tonnes.

LEAD

	Unofficial close (p.m.) £ per tonne	+ or −	High/Low
Cash	281-1.0	+1	283/281.0
3 months	284-4.5	+0.5	285.5/282.5

Official closing (am): Cash 282-3 (280-0.5). three months 284-4.5 (283.5-4). settlement 283 (280.5). Final Kerb close: 282-3. Turnover: 5,575 tonnes. US Spot: 23-24 cents a pound.

NICKEL

	Unofficial close (p.m.) £ per tonne	+ or −	High/Low
Cash	2495-505	−2	2500/2485
3 months	2545-50	−15.0	2560/2525

Official closing (am): Cash 2,485-95 (2,500-1). three months 2,538-9 (2,538-42). settlement 2,495 (2,510). Final Kerb close: 2,542-43. Turnover: 1,308 tonnes.

TIN

KUALA LUMPUR TIN MARKET—Close: 14.10 (14.11) ringgit per kg. Down 0.1.

ZINC

High grade	Unofficial close (p.m.) £ per tonne	+ or −	High/Low
Cash	596-8	−1.5	599/598
3 months	599-600	−1	605/597

Official closing (am): Cash 597-8 (595-6). three months 599-9.5 (597.5-8). settlement 598 (596). Final Kerb close: 597-8. Turnover: 5,375 tonnes. US Prime Western: 44-47 cents a pound.

GOLD

Gold fell 8⅞ to $413¾-$414 on the London bullion market yesterday. Trading was thin and nervous, with US selling taking the market down from its peak of $415¼-$416¼. The metal also opened at $413¾-$414, and was fixed at $413.60 in the morning and $413.20 in the afternoon. It touched a low of $411¼-412.

GOLD BULLION (fine ounce)	Sept. 17	
Close	$412¾-414	(£280½-281¼)
Opening	$412¾-414	(£281-281¼)
M'n'g fix	$413.60	(£280.037)
Aft'n'n fix	$413.20	(£279.906)

GOLD AND PLATINUM COINS		
Kr'g'r'nd	$412-414	(£279½-280½)
½ Krug	$217½-216½	(£147½-148)
¼ Krug	$110½-111½	(£74½-75½)
1/10 Krug	$45-44½	(£30½-31)
Mapleleaf	$425-436	(£288-290)
Angel	$423-436	(£286½-288½)
1/10 Angel	$43¼-46¼	(£29½-31½)
New Sov.	$98-100	(£66½-67¾)
Old Sov.	$102-103½	(£69-70)
$20 Eagle	$460-516	(£315-349)
Noble Plat	$582 591¼	(£394¼-401)

SILVER

Silver was fixed 1.15p an ounce lower for spot delivery in the London bullion market yesterday at 393.35p. US cents equivalents of the fixing levels were: spot 580c, down 3.25c; three-month 585.35c, down 3.35c; six-month 596.75c, down 3.3c; and 12-month 613c, down 3.85c. The metal opened at 393-394½p (578-580c) and closed at 389½-391p (574-576c).

SILVER per troy oz	Bullion Fixing Price	+ or −	L.M.E. p.m. Unoffic'l	+ or −
Spot	393.35p	−1.15	395p	−4.5
3 months	402.70p	−1.15	396.5p	−3.75
6 months	412.60p	−0.85		
12 months	431.10p	−0.55		

LME—Turnover: 7 (15) lots of 10,000 ounces.

Three months high/low 400p, final kerb 394-6p.

MEAT

Month	LIVE CATTLE Y'day's close	+ or −	LIVE PIGS Y'day's close	+ or −
Sept	96.00	+1.00	—	
Oct	97.50	—	104.80	—
Nov	99.50	—	105.80	—
Feb			98.50	—
Apr	100.00	—	99.00	—

MEAT COMMISSION—Average fatstock prices at representative markets. GB—Cattle 93.38p per kg lw (−2.10). GB—Sheep 127.40p per kg est dcw (−16.30). GB—Pigs 79.52p per kg lw (0.63).

Cattle sales: 0(0) lots of 5,000 kg. Pigs sales: 0 (0) lots of 3,250 kg.

RUBBER

...PHYSICALS—Closing prices (buyers): Spot 65.00p (64.00p); Oct 64.50p (63.50p); Nov 64.50p (63.50p). The Kuala Lumpur fob price (Malaysian cents a kilo): RSS No 1 228.0 (228.0) and SMR 20 203.5 (201.0).

FUTURES—Index 633. Oct 640-645, Oct/Dec 643-648, Jan/March 654-659, April/June 666-671, July/Sept 668-673. Sales: Nil.

INDICES

REUTERS

Sept 16	Sept 15	M'th ago	Year ago
1508.7	1507.8	1450.0	1740.1

(Base: September 18 1931=100)

DOW JONES

Dow Jones	Sept 16	Sept 15	M'th ago	Year ago
Spot	121.99	122.09	—	111.60
Fut	124.84	124.30	—	114.05

(Base: December 31 1931=100)

MAIN PRICE CHANGES

In tonnes unless otherwise stated.

	Sept. 17 1986	+ or −	Month ago
METALS			
Aluminium			
Free Market	[illegible]	+3	$1240/250
Copper			
Cash Grade A	£929	+13.75	£868.3
3 mths	£946.75	+15.5	£883.75
Gold Troy oz	$413.625	−9.875	$378
Lead Cash	£281.25	+1	£267
3 mths	£284.25	+0.5	£267.75
Nickel			
Free Mkt	186/196c	−2	179/198c
Palladium oz	$143.50	+0.50	$130.20
Platinum oz	$565.50	−18.5	$543.50
Quicksilver†	$125/135	......	$145/155
Silver troy oz	393.35p	−1.15	342.70p
3 mths	402.70p	−1.15	350.65p
Tin			
free mkt	£3750/780	+20	£3595/00
Tungsten	$51.26	−1.46	$55.63
Wolfram 22.04lb	$35/45	......	$40/48
Zinc	£597	−1.0	£548.5
3 mths	£599.5	−1	£547
producers	$920	......	$840
OILS			
Coconut (Phil)	$250z	−10	$210
Palm Malayan	$205y	......	$195
Copra (Phil)	$150r	......	$140
Soyabean (U.S.)	$153	+0	$152
GRAINS			
Barley Fut. Nov.	£107.30	+0.10	£107.10
Maize	£153.00	......	£150.50
Wheat Fut. Nov.	£108.40	−0.25	£107.70
No. 2 Hard Wint.	‡	......	‡
OTHERS			
Cocoa Ft. Dec.	£1578.5	−14	£1421.5
Coffee Ft. Nov.	£2462.5	+10	£2062.5
Cotton A Ind.*	43.20c	−0.25	37.25c
Gas Oil Nov.	$126	+0.0	$132.25
Rubber (kilo)	65p	+1	59.25p
Sugar (raw)	$124.5w	−2	$135
Wooltops 64s	588p kilo	......	585p kilo

‡ Unquoted. † Per 76-lb flask. c Cents a pound. x Oct. * Cotton outlook. y Nov. z Sept-Oct. w Oct-Nov.

COCOA

Although steadier on the opening and holding the gains throughout the morning, futures eased later and closing levels were at the lows. Some scale-down consumer buying was seen on the decline but producers remained withdrawn, reports Gill and Duffus.

COCOA	Yesterday's close £ per tonne	+ or −	Business Done
Sept	1531-1530	−15.0	1565-1555
Dec	1578-1579	−15.5	1595-1577
March	1619-1620	−15.5	1645-1626
May	1636-1638	−18.0	1665-1657
July	1656-1656	−22.0	1682-1665
Sept	1666-1666	−24.5	1700-1688
Dec	1675-1678	−26.0	1718-1675

Sales: 2,743 (2,208) lots of 10 tonnes.

ICCO indicator prices (US cents per pound). Daily price for September 17: 102.16 (103.32); five-day average for September 18: 102.87 (102.40).

COFFEE

After a strong performance in New York on Tuesday evening, London opened £65 higher. These prices attracted a lot of trade selling and despite good commission house buying, levels started to drop by mid-afternoon. Late in the session further selling had pushed levels £55 from the highs with the market finding support just above the previous close, reports Drexel Burnham Lambert.

COFFEE	Yesterday's close	+ or −	Business Done
Sept	2430-2445	+22.5	2465-2450
Nov	2460-2465	+10.0	2515-2480
Jan	2410-2415	+20.0	2450-2410
Mar	2345-2350	+62.5	2385-2345
May	2340-2350	+57.5	2385-2325
July	2330-2360	+70.0	2360-2350
Sept	2315-2335	+67.5	2360-2350

Sales: 7,081 (5,933) lots of 5 tonnes. ICO indicator prices (US cents per pound) for September 16: Comp daily 1979 183.39 (177.78); 15-day average 178.00 (177.43).

SOYABEAN MEAL

Nearby October moved lower but uncovered good two-way commercial trade on the way down. Other positions moved slightly lower in sympathy but in featureless trade, reports Muirpace.

	Y'sterd'ys close £ per tonne	+ or −	Business done
October	132.0-133.0	−0.25	133.5-133
Dec	132.0-132.5	+0.10	132.0
Feb	130.0-130.5	−0.25	—
April	131.5-132.5	+0.25	—
June	133.5-131.5	+0.25	—
August	130.4-132.0	+0.10	—
October	134.0-132.0	−0.20	—

Sales: 375 (1,470) lots of 20 tonnes.

GRAINS

Wheat found nervous consumer support which steadied early values, but shipper selling eased prices from the highs. Barley remained quietly steady on a modest shipper to shipper exchange, reports T. G. Roddick.

Mnth	WHEAT Yesterday's close	+ or −	BARLEY Yest'rdy's close	+ or −
Sept	105.40	−0.25	105.15	+0.55
Nov	108.40	−0.25	107.50	+0.10
Jan	109.15	−0.25	110.10	−0.10
Mar	111.70	−0.15	112.60	−0.10
May	114.05	−0.25	114.10	+0.10
July	110.90	−0.40	—	—

Business done — Wheat: Sept 105.95-5.40, Nov 107.00-6.40, Jan 109.70-9.15, March 112.10-1.75, May 114.40-4.05, July untraded. Sales: 627 lots of 100 tonnes. Barley: Sept 105.10-5.00, Nov 107.50-7.30, Jan 110.25-10.10, March 112.60, May untraded. Sales: 139 lots of 100 tonnes.

LONDON GRAINS—Wheat: US dark northern spring no 1 15 per cent Oct 97.75, Nov 98.75. US no 2 soft red winter Oct 95.25, Nov 97.70. French 11½-12 per cent Sept 129.00. English feed fob Sept 110.50 value, Oct 111.00, Oct/Dec 112.00 seller, Jan/Mar 114.60/115.80 buyer/sellers, April/June 119.00 sellers. Maize: US no 3 yellow/French transhipment east coast Sept 153.00. Barley: English feed fob Sept 110.00, Oct 112.00 sellers, Oct/Dec 112.75/113.50 buyer/sellers, Jan/Mar 117.50 sellers.

HGCA—Locational ex-farm spot prices (including co-responsibility levy of £3.373 a tonne). Feed barley: Eastern 101.50, E Mids 104.00, N East 105.70, Scotland 103.20. The UK monetary coefficient for the week beginning Monday September 22 is expected to remain unchanged.

POTATOES

The market traded £1.50 down, basis April, on opening but again met with keen buying interest which rapidly lifted values during hectic trade to test Tuesday's highs of £178.00 by mid-morning. Profit-taking trimmed values but the dips were limited, with selling interest diminishing below £175.00 and buyers the stronger party, reports Coley and Harper.

Month	Yesterdays close £ per tonne	Previous close	Business done
Nov	109.60	110.50	111.00-109.00
Feb	134.00	129.90	137.00
Apr	176.50	178.00	178.00-170.50
May	192.10	189.50	191.00
Nov	85.00	84.00	—

Sales: 301 (1,290) lots of 40 tonnes.

US MARKETS

NEW YORK

ALUMINIUM 40,000 lb, cents/lb

	Close	High	Low	Prev
Sept	53.25	53.75	53.15	53.35
Oct	53.45	—	—	53.55
Nov	53.65	—	—	53.65
Dec	53.85	53.90	53.70	53.95
Jan	54.00	—	—	54.15
March	54.15	54.10	54.10	54.25
May	54.40	—	—	54.50
July	54.65	—	—	54.75
Sept	54.85	—	—	54.95
Dec	54.95	—	—	55.05

COCOA 10 tonnes, $/tonne

	Close	High	Low	Prev
Dec	2128	2170	2122	2164
March	2172	2224	2171	2210
May	2195	2241	2195	2232
July	2209	2261	2225	2241
Sept	2233	2286	2230	2265
Dec	2248	2290	2246	2285

COFFEE "C" 37,500 lb, cents/lb

	Close	High	Low	Prev
Sept	206.90	210.00	206.60	208.50
Dec	209.78	214.00	209.50	208.98
March	203.84	203.84	203.84	199.84
May	201.88	201.88	201.88	197.88
July	201.63	201.63	201.63	197.63
Sept	200.05	200.05	200.05	196.05
Dec	197.50	—	—	194.50

COPPER 25,000 lb, cents/lb

	Close	High	Low	Prev
Sept	61.55	61.85	61.50	61.55
Oct	61.65	61.70	61.70	61.70
Nov	61.90	—	—	61.90
Dec	62.15	62.70	62.10	62.15
Jan	62.25	—	—	62.25
March	62.45	62.95	62.40	62.50
May	62.75	63.10	62.80	62.80
July	62.95	63.25	63.25	63.05
Sept	63.20	63.70	63.60	63.30
Dec	63.78	64.15	64.10	63.75

COTTON 50,000 lb, cents/lb

	Close	High	Low	Prev
Oct	40.30	40.55	39.65	40.30
Dec	41.10	41.35	40.13	40.68
March	42.15	42.45	41.20	41.78
May	42.90	43.20	42.10	42.68
July	43.40	43.45	42.60	43.05
Oct	44.35	44.35	44.35	43.98
Dec	45.10	45.10	44.46	44.65
March	40.50	—	—	44.50

CRUDE OIL (LIGHT) 42,000 US gallons, $/barrels

	Latest	High	Low	Prev
Oct	14.10	14.20	13.80	13.97
Nov	14.23	14.37	13.96	14.07
Dec	14.23	14.38	14.00	14.06
Jan	14.16	14.30	13.97	14.00
Feb	14.05	14.17	13.90	13.91
March	13.96	14.10	13.90	13.83
April	13.90	14.10	13.90	13.78
May	13.80	14.06	13.80	13.76
June	13.76	14.00	13.78	13.74
July	13.76	14.00	13.80	13.72

GOLD 100 troy oz, $/troy oz

	Close	High	Low	Prev
Sept	414.1	413.4	413.0	415.3
Oct	414.9	417.5	412.8	416.2
Nov	417.0	—	—	416.4
Dec	418.8	421.0	415.8	420.2
Feb	422.4	424.8	420.0	423.9
April	425.8	428.5	424.0	427.3
June	428.4	431.3	428.0	430.9
Oct	437.2	438.0	436.0	436.7
Dec	441.3	443.5	439.5	442.8
Feb	445.6	446.0	446.0	447.1
April	460.1	460.5	460.5	451.6
June	454.7	455.5	455.5	455.2

HEATING OIL 42,000 US gallons, cents/US gallons

	Latest	High	Low	Prev
Oct	39.50	39.90	38.80	39.15
Nov	40.50	41.10	39.90	40.17
Dec	41.80	42.30	40.80	41.26
Jan	42.25	43.00	41.78	42.10
Feb	42.60	43.30	42.40	42.55
March	40.10	40.80	40.10	40.40
April	39.10	39.20	38.90	38.85
May	37.60	38.25	37.30	37.55
June	37.30	37.90	37.50	37.25

ORANGE JUICE 15,000 lb, cents/lb

	Close	High	Low	Prev
Sept	101.10	101.90	101.05	101.60
Nov	103.65	104.50	103.50	103.35
Jan	105.40	105.70	105.30	105.05
March	106.55	106.90	105.80	105.95
May	107.40	107.40	107.35	106.85
Sept	108.90	—	—	108.45
Jan	109.15	—	—	108.50

PLATINUM 50 troy oz, $/troy oz

	Close	High	Low	Prev
Sept	560.4	574.5	565.0	571.7
Oct	561.4	576.0	565.0	573.7
Nov	577.0	—	—	577.0
Jan	565.7	579.5	568.0	578.0
April	568.7	582.0	560.0	581.0
July	572.7	581.5	567.1	584.5
Oct	577.2	587.0	579.0	588.5

SILVER 5,000 troy oz, cents/troy oz

	Close	High	Low	Prev
Sept	575.1	580.0	573.0	578.[illegible]
Oct	577.0	—	—	580.[illegible]
Nov	579.2	—	—	583.[illegible]
Dec	582.5	588.5	572.5	586.2
Jan	585.4	588.5	584.5	589.1
March	591.2	598.0	583.0	596.0
May	597.5	603.0	589.5	601.3
July	603.9	610.0	596.0	607.7
Sept	610.4	616.0	603.0	614.3
Dec	620.4	625.0	612.0	624.4

SUGAR WORLD "11" 112,000 lb, cents/lb

	Close	High	Low	Prev
Oct	4.85	5.22	4.83	5.12
Jan	5.54	5.75	5.45	5.80
March	5.82	6.21	5.80	6.11
May	6.19	6.46	6.18	6.36
July	5.36	6.60	6.32	6.51
Oct	6.59	6.79	6.56	6.75

CHICAGO

LIVE CATTLE 40,000 lb, cents/lb

	Close	High	Low	Prev
Oct	62.16	62.37	61.80	61.6[illegible]
Dec	58.62	58.70	57.85	57.[illegible]
Feb	57.25	57.40	56.90	57.07
April	58.40	58.57	58.20	58.12
June	58.00	58.05	57.50	57.65
August	56.40	56.65	56.40	56.25

LIVE HOGS 30,000 lb, cents/lb

	Close	High	Low	Prev
Oct	57.12	57.35	56.50	56.47
Dec	56.35	56.55	55.80	55.77
Feb	54.92	55.10	54.50	54.66
April	49.62	49.82	49.40	49.42
June	51.90	51.15	50.70	50.80
July	50.35	55.50	50.00	50.35
August	48.40	48.78	48.30	48.30
Oct	44.65	44.65	44.65	44.90
Dec	44.95	45.00	44.75	45.30

MAIZE 5,000 bu min, cents/56-lb bushel

	Close	High	Low	Prev
Sept	163.4	163.6	156.4	158.8
Dec	164.6	164.6	162.0	162.6
March	175.4	175.6	174.0	173.6
May	182.0	182.2	180.4	181.0
July	183.6	184.2	183.0	183.4
Sept	182.4	184.0	182.4	183.2
Dec	186.2	187.2	186.0	187.2

PORK BELLIES 38,000 lb, cents/lb

	Close	High	Low	Prev
Feb	77.00	77.35	76.16	76.02
March	75.80	76.30	75.20	75.30
May	74.67	75.20	74.00	74.35
July	74.05	74.60	73.70	73.95
August	71.40	71.65	71.35	71.42

SOYABEANS 5,000 bu min, cents/60-lb bushel

	Close	High	Low	Prev
Sept	485.2	485.4	481.0	481.6
Nov	477.2	477.4	475.4	475.2
Jan	485.4	486.0	484.0	483.2
March	494.4	494.4	492.4	492.2
May	500.2	500.4	498.4	498.0
July	503.2	503.4	501.4	499.4
August	502.4	502.4	502.0	498.0

SOYABEAN MEAL 100 tons, $/ton

	Close	High	Low	Prev
Sept	151.0	152.9	150.5	152.0
Oct	149.9	150.4	149.3	149.5
Dec	151.3	151.5	150.8	150.5
Jan	152.3	152.3	151.7	151.7
March	153.4	153.5	153.0	153.0
May	154.0	154.0	153.5	153.3
July	155.0	155.0	154.0	154.0
August	155.0	155.0	154.2	153.5
Sept	154.0	—	—	152.5

SOYABEAN OIL 60,000 lb, cents/lb

	Close	High	Low	Prev
Sept	13.60	13.64	13.50	13.53
Oct	13.61	13.75	13.52	13.59
Dec	14.15	14.30	14.08	14.12
Jan	14.28	14.43	14.24	14.26
March	14.60	14.78	14.60	14.58
May	14.79	14.90	14.78	14.71
July	14.96	15.05	14.87	14.90
August	14.96	15.02	14.96	14.91
Sept	10.10	—	—	15.08
Oct	16.14	15.28	15.14	15.15

WHEAT 5,000 bu min, cents/60-lb bushel

	Close	High	Low	Prev
Sept	259.4	261.4	257.0	262.0
Dec	260.0	261.4	258.0	259.6
March	255.2	255.4	253.0	253.0
May	240.6	241.0	239.2	239.0
July	232.0	233.0	231.0	231.2
Sept	233.4	234.4	233.0	231.2

SPOT PRICES—Chicago loose lard 13.50 (same) cents per pound. Handy and Harman silver bullion 571.5 (579.9) cents per troy ounce.

OIL

CRUDE OIL—FOB ($ per barrel)—Oct.	Latest	Change + or −
Arab Light	—	—
Arab Heavy	—	—
Dubai	12.25-12.35	−0.16
Brent Blend	13.50-13.60	
W.T.I. (1pm est)	14.10-14.20	+0.15
Forcados (Nigeria)	—	—
Urals (cif NWE)	—	—

PRODUCTS—North West Europe Prompt delivery cif ($ per tonne)

Premium gasoline	170-175	−10
Gas Oil	115-117	−1
Heavy fuel oil	70-73	−1.0
Naphtha	115-116	−5

GAS OIL FUTURES

Month	Yest'rdy's close US $ per tonne	+ or −	Business Done
Oct	120.50	+1.00	121.00-19.25
Nov	121.50	+0.50	122.25-20.50
Dec	125.50	+1.00	125.50-24.50
Jan	126.00	+1.00	126.00-27.50
Feb	123.70	+4.25	—
Mar	122.00	+1.50	—
Apr	125.00	+1.50	—

Turnover: 3,409 (4,715) lots of 100 tonnes.

SUGAR

LONDON DAILY PRICE—Raw sugar $124.50 (£84.50), down $2.00 (down £1.50) a tonne for October-November delivery. White sugar $178.50, down $2.00.

No. 6 Con- tract	Yest'rdy's close $ per tonne	Previous close	Business done
Oct	125.2-126.4	118.2-118.6	116.0-105.5
Dec	121.8-121.8	122.0-122.8	125.8-121.8
Mar	135.0-135.5	137.4-137.6	153.0-132.4
May	139.8-140.0	142.6-142.8	144.2-141.8
Aug	144.8-145.0	146.8-146.6	145.2
Oct	148.8-150.0	150.0-151.0	151.8
Dec	152.2-154.1	155.0-156.0	—

Sales: 2,437 (1,800) lots of 50 tonnes.

Tate & Lyle delivery price for granulated basis sugar was £188.00 (£187.00) a tonne for export.

International Sugar Agreement—(US cents per pound fob and stowed Caribbean ports). Prices for September 16: Daily price 4.79 (4.78); 15-day average 4.73 (4.75).

PARIS—(FFr per tonne): Dec 1170/1180, March 1189/1200, May 1224/1235, Aug 1254/1270, Oct 1298/1300, Dec 1320/1340.

FREIGHT FUTURES

The bunker price continued to ease but had little effect on futures prices, reports Clarkson Wolff.

	Close	High/Low	Prev.
Dry Cargo			
Oct.	801/805	756/756	796/799
Jan.	790/780	804/799	797/800
April	840/841	800/796	856/840
July	743/750	—	759/760
Oct.	850/862	—	850/865
Jan.	841/871	—	830/880
Apr.	825/845	—	830/840
July	880/870	—	820/880
BFI.	756.0	—	753

Turnover: 143 (82).

	Close	High/Low	Prev.
Tankers			
Sep.	1080/1120	—	1100/1150
Oct.	1195/1240	—	1165/1240
Dec.	1210/1250	1225	1160/1270
Mar.	1200	—	1200
June.	1250	—	1260
BFI.	1067	—	1076

Turnover: 0 (13).

India to boost lentil output

INDIA has approved a 460m rupee project to boost lentil output and reduce imports over the four years tn 1990, the Agriculture Ministry said.

Imports totalled 98,000 tonnes in the year to March 1985 and 64,500 in 1983-84, latest figures show.

The funds will be spent on extending the area under lentils, raising yields by offering farmers better materials, including subsidised high-yielding seeds, and by raising lentil prices and providing low-cost loans.

Nymex to trade gas futures

The New York Mercantile Exchange plans to trade natural gas futures sometime next year, Ms Jan Kay, vice president of marketing for the exchange, told an energy markets outlook conference in Calgary yesterday. As soon as the issue of transportation is resolved, the contracts will begin trading, she said.

Ms Kay said the exchange had been studying the use of gas contracts for a number of years, but recently market participants had expressed a strong interest in such an investment.

EEC wheat estimate

The European Commission expects that 26m tonnes of wheat will be available for export and carryover stocks in the 1986-87 marketing year which began on July 1.

This compares with 27.3m tonnes available in August last year.

The commission says stocks at the start of the year were 16.1m tonnes of which 10.3m were in intervention stores and 5.7m on farms.

Japan rejects rice import call

Mr Yasuhiro Nakasone, Japan's prime minister, has rejected a US call for rice import liberalisation on ground that rice is a state-traded product authorised under the General Agreement on Tariffs and Trade (Gatt).

Mr Nakasone told parliament that rice is Japan's staple food and the Government will maintain state control.

The US Rice Millers' Association is pressing for Japanese liberalisation of rice imports.

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGE

Pound falls below DM3.00

STERLING FELL below DM 3.00 for the first time ever, and the dollar showed renewed weakness on the foreign exchanges yesterday. Falling oil prices depressed the pound, and both currencies suffered from the general strength of the D-Mark, after Mr Karl Otto Poehl, president of the West German Bundesbank, said he would not cut interest rates, in spite of pressure from the US. In Tokyo Mr Satoshi Sumita, governor of the Bank of Japan, made similar comments, saying he would resist any call for a cut in the Japanese discount rate at this month's Group of Five meeting in Washington.

US economic statistics had little impact, with August housing starts in line with expectations.

In Paris dealers estimated the Bank of France sold up to DM 500m against the French franc. This reflected strong demand for the D-Mark, rather than pressure on the franc, but indicates growing nervousness within the EMS about the strength of the West German currency.

The dollar fell to DM 2.0275 from DM 2.0490; to FFr 6.6450 from FFr 6.71; to SFr 1.6395 from SFr 1.6565; and to Y154.75 from Y156.30. On Bank of England figures the dollar's index fell to 110.2 from 110.8.

STERLING — Trading range against the dollar in 1986 is 1.5555 to 1.3700. August average 1.4870. Exchange rate index fell 0.6 to 70.3, the lowest since February 1985, and compared with 74.0 six months ago.

Sterling held fairly steady against a weak dollar, but fell to a record low against the D-Mark and weakened against most other major currencies. Oil price fears overhung the pound, following a US report of high world oil stocks. Better than expected July UK industrial production figures failed to give sterling much support. The rise of 3.4 per cent was well above market expectations, and compared favourably with the June decline of a revised 1.3 per cent, but the figure was regarded as erratic, distorted by unusually high oil production. The pound eased 5 points to $1.4750-1.4760, but fell to a record DM 2.9925 from DM 3.0250, and to FFr 9.8050 from FFr 9.9050, the lowest since August 1980. It also declined to SFr 2.42 from SFr 2.4450 and to Y228.50 from Y230.75.

D-MARK — Trading range against the dollar in 1986 is 2.4710 to 2.0240. August average 2.0624. Exchange index 140.7 against 124.3 six months ago.

The D-Mark improved against the dollar in Frankfurt yesterday. The interview with Mr Karl Otto Poehl, president of the Bundesbank, in which he stated West Germany would resist US pressure to cut interest rates, added to the general depression surrounding the dollar, although the reluctance of the central bank to cut rates has been known for some time. The US currency broke through support at around DM 2.04, and was fixed at DM 2.0353 in Frankfurt, compared with DM 2.0525 on Tuesday. The Bundesbank did not intervene. It was generally agreed that the reluctance of West Germany and Japan to cut rates meant the dollar would continue to weaken, with dealers looking for an early attack on DM 2.02.

JAPANESE YEN — Trading range against the dollar in 1986 is 202.70 to 153.15. August average 154.15. Exchange rate index 215.8 against 198.7 six months ago.

The yen was little changed against the dollar in Tokyo, with the US currency closing at Y155.95 compared with Y155.80 on Tuesday. The dollar weakened from the previous New York close of Y156.45, however, partly on speculative selling and also as Japanese insurance companies hedged possible losses on dollar funds. The steadier performance of the dollar against the yen, compared with the dollar against the D-Mark in recent days, follows Bundesbank intervention to sell dollars last Friday and may also reflect official Japanese policy to encourage capital outflows. Another fall in share prices on the Tokyo Stock Market had no impact on the currency market, but dealers commented that if the trend continues investors may be tempted into foreign securities, increasing the demand for dollars.

£ IN NEW YORK

Sept. 17	Latest	Prev. close
Spot	$1.4745-1.4755	$1.4680-1.4690
1 month	0.49-0.46pm	0.46-0.45pm
3 months	1.44-1.40pm	1.38-1.36pm
12 months	4.95-4.85pm	5.05-5.00pm

Forward premiums and discounts apply to the US dollar

POUND SPOT—FORWARD AGAINST POUND

Sept 17	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.4685-1.4775	1.4750-1.4760	0.47-0.44c pm	3.70	1.45-1.40 pm	3.86
Canada	2.0447-2.0530	2.0502-2.0531	0.01 dis-par c	0.03	0.01 dis-par	0.03
Nethlnd.	3.37½-3.39½	3.37½-3.38½	1¼-1⅛c pm	4.44	4-3⅞ pm	4.30
Belgium	61.96-62.32	62.00-62.10	16-11c pm	2.61	46-37 pm	2.68
Denmark	11.32¾-11.39½	11.33-11.34	1⅛-par ore pm	0.66	2⅞-1¼ pm	0.68
Ireland	1.0885-1.0940	1.0895-1.0905	0.02-0.12c dis	−0.77	0.10-0.30dis	−0.73
W. Ger.	2.99½-3.01	2.99½-2.99¾	1½-1¼pf pm	5.51	4⅛-3⅞ pm	5.26
Portugal	216.21-217.66	215.94-217.55	100-155c dis	−7.08	254-431dis	−6.34
Spain	196.91-197.77	196.91-197.19	17-57c dis	−2.25	57-122 dis	−1.82
Italy	2063½-2076½	2066-2067	par-4lire dis	−1.18	4-7 dis	−1.06
Norway	10.73½-10.78¾	10.74¾-10.75¾	3⅞-4½ore dis	−4.63	11-12½ dis	−4.30
France	9.80-9.86	9.80-9.81	2⅞-1⅞c pm	2.80	6⅞-5⅞ pm	2.45
Sweden	10.13½-10.17¾	10.14-10.15	⅞-⅛ore pm	0.67	2⅞-1⅞ pm	0.71
Japan	228-229¾	228-229	1-⅞y pm	4.80	2⅞-2⅞ pm	4.81
Austria	21.06-21.14	21.06-21.08	8⅞-7⅞gro pm	4.63	24⅞-21⅞ pm	4.44
Switz.	2.41½-2.43¾	2.41½-2.42½	1⅞-1c pm	6.65	3⅞-3⅞ pm	6.46

Belgian rate is for convertible francs. Financial franc n/a. Six-month forward dollar n/a, 12 month n/a

DOLLAR SPOT—FORWARD AGAINST DOLLAR

Sept 17	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.4685-1.4775	1.4750-1.4760	0.47-0.44c pm	0.70	1.45-1.40 pm	3.86
Ireland†	1.3425-1.3540	1.3530-1.3535	0.55-0.45c pm	4.45	1.55-1.30 pm	4.23
Canada	1.3877-1.3930	1.3900-1.3910	0.25-0.28c dis	−2.29	0.88-0.91dis	−2.55
Nethlnd.	2.2815-2.3105	2.2895-2.2905	0.17-0.14c pm	0.81	0.47-0.42 pm	0.77
Belgium	42.00-42.40	42.00-42.10	3-5c dis	−1.14	10-14 dis	−1.14
Denmark	7.68-7.76	7.68-7.69½	1.70-2.30ore dis	−3.11	5.80-6.40dis	−3.18
W. Ger.	2.0245-2.0400	2.0270-2.0280	0.28-0.25pf pm	1.56	0.77-0.72 pm	1.46
Portugal	146-146¾	145-146¼	115-180c dis	−10.85	315-430dis	−10.17
Spain	133.35-134.30	133.30-133.60	55-70c dis	−5.60	165-195dis	−5.38
Italy	1398-1413½	1400¼-1400¾	5-6½lire dis	−4.91	16½-19 dis	−4.97
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	−2.18
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	−1.35
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	−3.19
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	1.12
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	0.83
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	1.71

† UK and Ireland are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc [illegible]

EXCHANGE CROSS RATES

[illegible]

Yen per 1,000; French Fr per 10; Lira per 1,000; Belg Fr per 100.

EURO-CURRENCY INTEREST RATES

Sept. 17	Short term	7 Days notice	Month	Three Months	Six Months	One Year
Sterling	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
U.S. Dollar	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Can Dollar	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
D Guilder	5⅛-5⅜	5⅞-5⅞	5⅞-5⅞	5⅞-5⅞	5⅞-5⅞	5⅞-5⅞
Sw.Franc	1⅛-1¼	1⅛-1⅛	4⅛-4⅞	4⅛-4⅞	4⅛-4⅞	4¼-4⅛
Deutschmark	4⅛-4⅜	4⅛-4⅛	4⅛-4⅛	4⅛-4⅛	4⅛-4⅛	4⅛-4⅛
Fr. Franc	7-7½	7⅛-7⅞	7⅞-7⅞	7⅞-7⅞	7⅞-7⅛	7⅛-7⅞
Italian Lira	9¼-10¼	9⅛-10⅛	10¼-11	10⅞-11¼	10⅞-11¼	10⅞-11⅛
B.Fr.(Fin)	0⅞-7⅛	7⅛-7⅞	7⅛-7⅞	7⅛-7⅞	7-7¼	7-7¼
B.Fr.(Con)	6⅞-7¼	0⅞-7⅞	7⅛-7⅞	7-7⅛	7-7⅞	7-7⅛
Yen	5-5⅛	5-5⅛	0¼-5⅞	5¼-5⅞	4⅞-4⅞	4⅞-4⅞
D. Krone	8⅞-9⅞	9⅛-9⅞	0⅛-10	0⅞-10¼	10-10⅛	10-10⅛
Asian $ (Sng)	6-6⅛	6-6⅛	6-6⅛	5⅞-6⅛	5⅞-6⅛	6⅛-6⅛

Long-term Eurodollars: two years 6⅞-7⅛ per cent; three years 7⅛-7⅞ per cent; four years 7⅞-7⅞ per cent; five years 7⅞-8⅞ per cent nominal. Short-term rates are call for US Dollars and Japanese Yen; others, two days' notice.

CURRENCY MOVEMENTS

Sept. 17	Bank of England Index	Morgan Guaranty Change %
Sterling	70.3	−22.6
U.S. Dollar	110.9	+2.0
Canadian Dollar	76.9	−13.2
Austrian Schilling	131.9	+8.6
Belgian Franc	97.0	−6.1
Danish Kroner	86.6	+0.6
Deutsche Mark	140.7	+18.4
Swiss Franc	169.5	+23.1
Guilder	129.7	+19.1
French Franc	69.0	−13.6
Lira	47.8	−10.9
Yen	015.8	+60.4

Morgan Guaranty changes: Average 1980-82=100. Bank of England Index (base average 1975=100).

CURRENCY RATES

Sept. 17	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.820648	0.698696
US $	5½	1.21021	1.03162
Canadian $	8.47	*	1.43013
Austria Sch	4	7.3143	14.7460
Belgian Fr	8	01.0575	43.4336
Danish Kr	7	9.34073	7.93834
D'mark	3½	2.46314	2.09577
Guilder	4½	2.78167	2.36706
French Fr	9½	8.07073	6.88906
Lira	12	N/A	1448.40
Yen	3½	180.853	160.821
Norway Kr.	8	8.84056	7.53734
Span'h Pta.	—	161.865	137.876
Swedish Kr.	8	8.34803	7.10585
Swiss Fr	4	N/A	1.69547
Greek Drch	20½	163.161	139.357
Irish Punt	—	N/A	0.763600

* C$/SDR rate for September 16: 1.67274

OTHER CURRENCIES

Sept. 17	£	$
Arg'tina	1.5460-1.5535	1.0510-1.0540
Aus'alia	2.3635-2.3575	1.6030-1.6050
Brazil	20.28-20.41	13.77-13.84
Finland	7.2100-7.2205	4.8895-4.8915
Greece	197.44-200.80	134.26-136.50
H'Kong	11.4880-11.4785	7.8015-7.8035
[illegible]	[illegible]	[illegible]

* Selling rate.

FINANCIAL FUTURES

Volatile trading

STERLING DENOMINATED contracts traded erratically in the London International Financial Futures Exchange yesterday. Long gilt prices opened at 114-14 for December delivery and rose briefly to a high of 114-18 on the back of a better performance in US markets overnight. However trading became nervous as sterling slipped below DM 3.0 to a record low.

Persistent selling triggered stop loss orders and the contract touched a low of 113-10. During the afternoon trading became a little choppy as attention hovered between a better US bond market and the pound's poor performance. However towards the close, sterling's steadier trend and the relatively attractive yield offered on the low price of gilts combined to encourage renewed buying back to a close of 114-10, unchanged from Tuesday.

US bond prices and three-month Euro-dollars finished on a stronger note after US economic statistics released suggested that the economy was not necessarily speeding up its growth rate. News that US housing starts rose 0.4 per cent and that industrial capacity utilisation fell from the previous month tended to underpin the market and after opening at 94-23, up from 93-31, the December bond contract rose to finish at 95-08.

Euro-dollar prices moved to a closing level of 93.95 from 93.90 on Tuesday. Values may have been boosted temporarily by rumours that today's revision to US second quarter GNP figures would show a sharp down turn although many dealers were not willing to be influenced.

LIFFE LONG GILT FUTURES OPTIONS

Strike price	Calls—Last Dec	Mar	June	Sept	Puts—Last Dec	Mar	June	Sept
116	1.28	2.37	—	—	3.06	4.25	—	—
118	0.53	1.55	—	—	4.33	5.43	—	—
120	0.28	1.20	—	—	6.00	7.06	—	—
122	0.14	0.57	—	—	7.56	8.45	—	—
124	0.06	0.38	—	—	9.50	10.26	—	—
126	0.02	0.24	—	—	11.47	12.12	—	—
128	0.01	0.15	—	—	13.46	14.03	—	—
130	0.00	—	—	—	15.44	—	—	—

Estimated volume total, Calls 1,571, Puts 939. Previous day's open int. Calls 10,812, Puts 4,337

LIFFE US TREASURY BOND FUTURES OPTIONS

Strike price	Calls—Last Dec	Mar	June	Sept	Puts—Last Dec	Mar	June	Sept
88	7.44	8.07	—	—	0.28	1.47	—	—
90	6.03	6.49	—	—	0.51	2.26	—	—
92	4.38	5.38	—	—	1.22	3.12	—	—
94	3.23	4.32	—	—	2.07	4.08	—	—
96	2.23	3.38	—	—	3.07	5.14	—	—
98	1.38	2.53	—	—	4.22	6.29	—	—
100	1.02	2.12	—	—	5.50	7.52	—	—
102	0.40	1.43	—	—	7.24	8.19	—	—

Estimated volume total, Calls 20, Puts 37. Previous day's open int. Calls 612, Puts 1,013

LIFFE £/$ OPTIONS

£25,000 (cents per £1)

[illegible]

LONDON SE £/$ OPTIONS

£12,500 (cents per £1)

[illegible]

PHILADELPHIA £/$ OPTIONS

£12,500 (cents per £1)

[illegible]

LIFFE—EURODOLLAR OPTIONS

$1m points of 100%

[illegible]

CHICAGO

US TREASURY BONDS (CBT) 8% $100,000 32nds of 100%

[illegible]

US TREASURY BILLS (IMM) $1m points of 100%

[illegible]

CERT. DEPOSIT (IMM) $1m points of 100%

[illegible]

THREE-MONTH EURODOLLAR (IMM) $1m points of 100%

[illegible]

LONDON

20-YEAR 12% NOTIONAL GILT £50,000 32nds of 100%

[illegible]

10% NOTIONAL SHORT GILT £100,000 64ths of 100%

[illegible]

FT-SE 100 INDEX £25 per full index point

[illegible]

US TREASURY BONDS 8% $100,000 32nds of 100%

[illegible]

THREE-MONTH STERLING £500,000 points of 100%

[illegible]

THREE-MONTH EURODOLLAR $1m points of 100%

	Close	High	Low	Prev
Sept	93.95	93.96	93.89	93.21
Dec	93.81	93.80	93.75	93.90
March	93.59	93.59	93.52	93.75
June	93.28	93.22	93.21	93.53
Sept	92.90	92.93	92.82	—
Dec	92.52	92.47	92.47	92.88
March	92.18	92.09	92.09	92.45

Estimated volume 4,820 (5,534). Previous day's open int 21,287 (20,988)

CURRENCY FUTURES

POUND—$ (FOREIGN EXCHANGE)

Spot	1-mth.	3-mth.	6-mth.	12-mth.
1.4755	[illegible]	[illegible]	[illegible]	1.4220

IMM—STERLING $s per £

	Latest	High	Low	Prev
Dec	1.4550	1.4630	1.4580	1.4580
March	1.4460	1.4485	1.4460	1.4460
June	1.4320	1.4500	1.4320	1.4320

LIFFE—STERLING £25,000 $ per £

	Close	High	Low	Prev
Dec	1.4600	1.4620	1.4585	1.4650
March	1.4463	—	—	1.4517
June	1.4325	—	—	1.4395

Estimated volume 991 (915). Previous day's open int 788 (784)

STERLING INDEX

	Sept 17	Previous
8.30 am	[illegible]	70.9
9.00 am	[illegible]	70.8
10.00 am	[illegible]	70.9
11.00 am	[illegible]	70.9
Noon	[illegible]	71.0
1.00 pm	[illegible]	71.0
2.00 pm	[illegible]	71.0
3.00 pm	[illegible]	70.9
4.00 pm	[illegible]	70.9

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu September 17	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	43.1130	43.4326	+0.74	+0.77	±1.5368
Danish Krone	7.81701	7.93836	+1.55	+1.58	±1.6403
German D-mark	2.11083	2.09677	−0.67	−0.64	±1.1127
French Franc	6.87316	6.88906	−0.06	−0.03	±1.3658
Dutch Guilder	2.37833	2.36706	−0.47	−0.44	±1.5069
Irish Punt	0.764976	0.763600	−0.18	−0.15	±1.6683
Italian Lira	1476.95	1448.40	−1.93	−1.93	±4.0734

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

MONEY MARKETS

London rates firmer on weak pound

INTEREST RATES were higher in London yesterday as the market reacted to sterling's fall to a record low against the D-Mark. Weaker oil prices and fading hopes of lower rates in Europe and the US tended to push longer term rates firmer, giving a true yield out to one year for the first time since early January. Three-month interbank money was quoted at 9⅞-10 per cent compared with 9⅞-9⅞ per cent while the one year rate rose to 10-10⅛ per cent from 9⅞-10⅛ per cent. Overnight interbank money opened at 8⅞-9 per cent and eased to 8⅞ per cent before coming back to 0⅞ per cent. However late balances were taken down to 4 per cent.

The Bank of England forecast a shortage of around £250m with factors affecting the market including maturing assistance and a take up of Treasury bills together draining £323m and the unwinding of previous sale and repurchase agreements o further £73m. There was also a rise in the note circulation of £105m. These were partly offset by Exchequer transactions which added £195m and banks' balances brought forward £60m above target. The forecast was revised to a shortage of around £300m and the Bank gave assistance in the morning of £36m through outright purchases of eligible bank bills in band 4 at 9⅞ per cent.

In the afternoon the Bank gave assistance of £75m through outright purchases of eligible bank bills in band 4 at 9⅞ per cent. Late help came to £180m, making a total of £291m.

In Frankfurt call money was unchanged at 4.35-4.45 per cent, showing no reaction to recent statements by Mr Karl Otto Poehl, president of the West German Bundesbank, that interest rates were unlikely to fall in the near future.

UK clearing bank base lending rate 10 per cent since May 22

NEW YORK RATES

(Lunchtime)

Prime rate	7½
Broker loan rate	6⅞-7
Fed funds	5⅞
Fed funds at intervention	5⅞
Treasury Bills & Bonds	
One-month	4.87
Two-month	4.96
Three-month	5.25
Six-month	5.53
One-year	5.72
Two-year	6.28
Three-year	6.61
Four-year	6.87
Five-year	6.95
Seven-year	7.25
10-year	7.47
30-year	7.64

FT LONDON INTERBANK FIXING

(11.00 a.m. September 17)

Three months US dollars		Six months US dollars	
bid 6	offer 6⅛	bid 6	offer 6⅛

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

LONDON MONEY RATES

September 17	Over night	7 days notice	Month	Three Months	Six Months	One Year
Interbank	4-9½	9-9⅛	9⅞-9⅞	9⅞-10	9⅞-10⅛	10-10⅛
Sterling CDs	—	—	9⅞-9⅞	9⅞-9⅞	9⅞-10⅛	10⅛-10⅛
Local Authority Depos	6⅞-9½	9⅛-9¼	9⅞-9¾	9⅞-9⅞	9⅞-9⅞	9⅞-9⅞
Local Authority Bonds	—	—	10⅛	10⅛	10¼	10⅛
Discount Mkt. Depos	6-9¼	9½	9⅞	9½	—	—
Company Depos	8½-9	8½-9	9¾	10	10¼	10¼
Finance House Depos	—	—	9¾	10	10⅛	10¼
Treasury Bills (Buy)	—	—	9⅞	9⅞	—	—
Bank Bills (Buy)	—	—	9⅞	9⅞	0⅛-10⅛	—
Fine Trade Bills (Buy)	—	—	10⅛	10⅛	10¼	—
Dollar CDs	—	—	5.90-6.00	0.85-5.90	5.90-5.95	6.10-6.15
SDR Linked Depos	—	—	6-6¼	5⅞-6⅛	5⅞-6⅛	6-6¼
ECU Depos	—	—	7⅛-7¼	7⅛-7¼	7⅛-7⅞	7⅛-7⅞

Treasury Bills (sell): one month 9⅞ per cent; three months 9⅞ per cent. Bank Bills (sell): one month 9⅞ per cent; three months 9⅞ per cent. Treasury Bills: Average tender rate at discount 9.6257 per cent. ECGD Fixed Finance Scheme IV reference date August 8 to September 2 (inclusive): 0.890 per cent. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 10 per cent from September 1, 1985. Bank Deposit Rates for sums at seven days' notice 4.36-4.375 per cent. Certificates of Tax Deposit (Series 6): Deposit £100,000 and over held under one month 10 per cent; one-three months 9⅞ per cent; three-six months 9⅞ per cent; six-nine months 9⅞ per cent; nine-12 months 9⅞ per cent. Under £100,000 9⅞ per cent from August 21. Deposits held under Series 5 9⅞ per cent. Deposits withdrawn for cash 6½ per cent.

MONEY RATES

Sept. 17	Ov'r-nig't	One Month	Two Months	Three Months	Six Months	Lombard Int'v'tn
Frankfurt	4.35-4.45	4.40-4.55	4.40-4.55	4.40-4.55	4.45-4.60	0.5
Paris	7⅛	7⅛-7⅞	7⅛-7⅞	7⅛-7⅞	7⅛-7¼	7
Zurich	7⅞-1⅛	4⅞-4⅞	—	4⅞-4⅞	—	—
Amsterdam	0¼-5⅞	5⅞-5⅞	—	5⅞-5¼	—	—
Tokyo	4.40625	N/A	—	4.71875	—	—
Milan	10⅞-11¼	10⅞-11	—	10¼-11⅛	—	—
Brussels	5.55	7⅞-7⅞	—	7⅞-7⅞	—	—
Dublin	9½-9¾	9⅞-10⅛	10⅛-10¼	10¼-10⅞	10⅞-10⅞	—

LONDON SHARE SERVICE

BRITISH FUNDS

1986 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
		"Shorts" (Lives up to Five Years)				
102	100	Exch. 14pc 1986	100	–	13	10.13
99	94	Exch. 2½pc 1986	99	–	[illegible]	7.39
102	100	Exch. 13¼pc 1987	100	.....	[illegible]	10.07
100	97	Treas 10½pcCv '87	100	.....	[illegible]	10.03
97	92	Exch 2½pc 1987	97	.....	[illegible]	7.90
101	97	Exch. 10½pc 1987	100	.....	[illegible]	9.98
99	93	Funding 6½pc '85-87‡‡	98	–	[illegible]	9.32
101	96	Treas. 10pc 1987	99	–	[illegible]	10.00
97	90	Treas 3pc 1987	96	.....	[illegible]	7.78
104	99	Treas. 12pc 1987	101	–	11	10.10
99	92	Treas 7¾pc 1985-88‡‡	97	–	7	9.65
104	96	Exch 10½pc '88	100	–	[illegible]	10.20
102	95	Treas 9½pc Cv '88	99	.....	9.6	10.19
94	86	Transport 3pc '78-88	92	–	3.26	7.86
102	93	Treas. 9½pc '88	98	–	9.66	10.33
107	98	Treas 11½pc 1989	102	–	11.21	10.25
103	93	Treas 9½pc Cnv. '89	98	–	9.65	10.29
92	82	Treas 3pc 1989	89	–	3.37	7.67
105	95	Treas 10½pc 1989	100	–	10.46	10.26
104	94	Exch 10pc 1989	99	–	10.07	10.27
107	97	Exch 11pc 1989	101	–	10.79	10.25
93	84	Treas 5pc 1986-89	90	–	5.58	8.69
110	96	Exch 10½pcCv '89	101	–	10.07	9.55
114	103	Treas 13pc 1990‡‡	107	–	12.07	10.19
108	97	Exch 11pc 1990‡‡	102	–	10.79	10.26
113	101	Exch. 12½pc 1990	106	–	[illegible]	10.28
89	79	Treas. 3pc 1990	84	–	[illegible]	7.89
100	89	Treas 8½pc 1987-90‡‡	95	–	[illegible]	9.55
106	93	Treas. 10pcCv 1990	99	–	[illegible]	10.24
86	76	Exch 2½pc 1990	82	–	[illegible]	7.40
112	99	Treas 11¾pc 1991	105	–	[illegible]	10.20

Five to Fifteen Years

Over Fifteen Years

Undated

Index-Linked

INT. BANK AND O'SEAS GOVT STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

AMERICANS

AMERICANS—Cont.

CANADIANS

BANKS, HP & LEASING

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BUILDING, TIMBER, ROADS

BUILDING, TIMBER, ROADS—Cont.

CHEMICALS, PLASTICS

DRAPERY AND STORES

DRAPERY & STORES—Cont.

ELECTRICALS

ENGINEERING

ENGINEERING—Continued

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

INDUSTRIALS—Continued

LEISURE—Continued

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

INSURANCES

LEISURE

PROPERTY—Continued

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

INVESTMENT TRUSTS—Cont.

Finance, Land, etc

FINANCE, LAND—Cont.

OIL AND GAS

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

MINES—Continued

O.F.S.

Diamond and Platinum

Central African

Finance

Australians

Tins

Miscellaneous

High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's
103	30	Anglo-Dominion	95	–8	—	—	—
42	19½	Anglo Utd Dev.	19½	–2½	1.07	♦	7.7
08	27	♥Colby Res Corp.	27		—	—	—
300	115	Cons. Murch. 10c	210		Q100c	♦	13.3
34	24	‡Emex Int. Ir10p	24		—	—	—
125	70	Greenwich Res.	110	–3	—	—	—
157	93	Hampton Areas 10p	146		‡1.0	—	1.0
327	165	♥Highwood Res.	244	–6	—	—	—
£19⅝	£13⅝	Homestake Mining $1	£19⅝		Q20c	—	0.7
310	160	♥McFinley Red Lake	166	+3	—	—	—
285	144	♥Mosto Explorations	199	–8	—	—	—
51	28	♥New Sabina Res C$1	29½	–½	—	—	—
297	200	Northgate C$1	287		—	—	—
790	513	RTZ	587	–6	22.0	2.8	5.3
£164	£115	Do. 9⅛pcLn '95-2000	£129	–1	Q9⅛%	15.5	7.5

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 29 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock".
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- ♥ Not officially UK listed; dealings permitted under Rule 535(4)(a).
- ✻ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 535(3).
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ▮ No par value.

B.Fr. Belgian Francs. Fr. French Francs. §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1986-87. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1986. K Figures based on prospectus or official estimates for 1984. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1985-86. N Dividend and yield based on prospectus or other official estimates for 1985. P Figures based on prospectus or other official estimates for 1983. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv 20p	58		Fin. 13% 97/02	£106½	
Craig & Rose £1	£13½		Arnotts	285	
Finlay Pkg. 5p	45½		CPI Hldgs.	45	
Holt (Jos) 25p	825		Carroll Inds.	127	
IoM Stm. £1	74		Dublin Gas	38	
			Hall (R. & H.)	98xd	
IRISH			Heiton Hldgs.	32	
Fund 11¾% 1988	£101¼		Irish Ropes	98	
Nat. 9¾% 84/89	698		Unidare	230	+5

" Recent Issues " and " Rights " Page 43 (International Edition Page 33)

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £875 per annum for each security.

LONDON STOCK EXCHANGE

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
Sept 1	Sept 11	Sept 12	Sept 22
Sept 15	Sept 25	Sept 26	Oct 6
Sept 29	Oct 9	Oct 10	Oct 20

* "New-time" dealings may take place from 9.30 am two business days earlier.

Less volatile day ends with equities higher and Gilts lower

A less volatile session in London markets encouraged investors to hope for more settled trading conditions after six days of prolonged uncertainty and a series of sharp price setbacks. Some ventured the opinion that leading shares were starting to show signs of establishing a new trading basis, which could lead into the first phase of recovery movement.

Although sentiment continued to be influenced by Wall Street, the effects were less noticeable than on recent occasions. The Dow Jones index rebound late on Tuesday gave dealers cause to mark blue chip issues higher at the opening, but the move was overdone. Potential buyers held fire and prices gradually reverted to their overnight positions.

The reaction was blamed on the West German resistance to US pressure for a cut in interest rates, although this was known before dealings commenced. For a time business stagnated but in the early afternoon a few institutional operators began picking up stock and the tone improved. The continuing erratic behaviour of the US market early yesterday failed to dampen spirits and the FT indices headed higher. They stopped short of their enhanced opening levels but the FT Ordinary share index still closed 13.0 higher at 1275.2. The broader-based FT-SE 100 share index ended 13.7 up at 1610.4.

The Bonn refusal to lower interest rates made prospects for a reduction in UK base rates even more remote and Gilt-edged securities weakened further. Sterling's fall against the D-Mark, it went below 3.00 for the first time, also unsettled and longer Gilts fell over a point before rallying. Selling was fairly persistent during the morning but it ceased abruptly following a brighter start early yesterday in the US bond market.

Some longer-dated Gilts regained as much as ¾ of their early losses on a combination of bear-covering and revived investment demand only to turn off again later. In the after-hours' trade, the dull tone continued and selected longs closed a net ¾ down on the day. Conventional shorts and index-linked issues also moved lower but not to the extent of the longs.

NatWest dip and rally

The afternoon announcement that NatWest had applied for a listing on the New York Stock Exchange and plans to issue 24,150,000 new shares via a public offering in the US induced a rally in its shares, which eventually ended the session only a penny easier on balance at 534p, after 525p. Other clearers rarely strayed from their overnight levels although Lloyds moved up 3 late to 445p. Elsewhere, Brown Shipley softened 5 to 500p following confirmation that COFI SA, an investment holding company registered in Luxembourg, had acquired a 10.75 per cent stake in the merchant bank.

Lloyds broker Minet reflected the disappointing interim figures with a fall of 16 to 232p, but Stewart Wrightson improved 5 at 430p following comment on the half-year results. In Life issues, profit-taking in the wake of the higher first-half profits left Legal and General 8 lower at 255p. Composites staged a modest technical rally with Royals 5 dearer at 842p and GRE the same amount up at 815p.

Belhaven Brewery closed 4 up at 76p as Mr Tony Cole of Bestwood acquired a further 1.289m shares at 80p per share to add to the near-19 per cent stake acquired over the past week or so. Elsewhere, Allied-Lyons jumped 8 to 333p, after 335p, on hopes of a bid from Elders IXL, while Guinness improved a few pence at 328p. Bass rallied from 730p to finish a net 5 better at 740p.

Leading Buildings staged a moderate rally with Blue Circle edging up 6 to 547p and BPB Industries improving 4 to 487p. Barratt Developments, annual results expected shortly, firmed 4 to 142p and Costain gained a like amount to 520p. John Mowlem were boosted by Dartford Tunnel contract hopes and rose 8 to 408p, while Taylor Woodrow hardened a couple of pence to 307p. Among Timbers, Magnet and Southerns firmed 4 to 186p, but Meyer International shed 2 to 241p following reports of a large line of stock on offer. HAT Group, currently fighting an unwelcome bid from BET, closed unchanged at 140p, after 139p; the latter now speaks for 29.8 per cent of the HAT equity following market purchases of over 7m shares during the last couple of days.

ICI, reflecting a firmer opening by the stock on Wall Street, closed ⅛ higher at £10⅛. Elsewhere in the Chemical sector, Laporte added a few pence to 388p awaiting today's half-timer, while Croda International improved 3 to 151p on second thoughts about the interim figures.

Church jump

Church and Co featured Stores with a leap of 85 to a peak of 440p on the announcement that Ward White had acquired a 5.2 per cent stake in the company. Lincroft Kilgour rose 8 to 225p on revived speculative support and W. H. Smith "A" gained 6 at 272p. Ratners improved a few pence to 227p, after 228p, in belated response to Press comment, but Goldsmiths came on offer at 228p, down 6. Tern plummeted 9 to 35p on the Corton Beach bid situation. Among the leaders, Woolworth touched 700p following news of the doubled interim profits of over £23m, but later reacted to close only 10 higher on balance at 675p; the shares have been particularly nervous of late amid suggestions that Dixons was on the verge of selling its stake in the company at 600p per share. Dixons hardened a couple of pence to 370p, after 366p, and Burton gained 4 at 302p.

Leading Electricals rarely strayed far from previous closing levels. Elsewhere, G. H. Scholes advanced to 615p on the interim figures and proposed one-for-one scrip issues before settling only 5 better on the day at 605p. Expansion hopes prompted revived demand for Burgess Products which gained 17 to 263p, while a revival of takeover speculation caused a rise of 7 to 150p in United Scientific. Memec, a poor market since the announcement of the half-year results, managed a small revival of 5 at 210p. Amstrad were a relatively lively market, but settled without alteration at 134p, after 138p. Ferranti edged up 2 to 96p with the aid of traditional option interest. Further support was forthcoming for USM quoted Briktat which gained 10 more to 130p.

Leading Engineers ended the day with small gains on balance, GKN closing 3 firmer at 267p and Hawker 4 better at 485p. In contrast, Baure Industries dipped 10 to 172p on the proposed £3.3m rights issue which accompanied the interim figures. TI drifted off on scattered offerings to close 8 cheaper at 446p, while Glynwed eased 4 to 306p. Desoutter, scheduled to reveal half-year figures tomorrow, gave up 5 to 235p. Jones and Shipman held at 120p after the interim statement.

United Biscuits were marked up to 244p following the interim results, but drifted back in the absence of follow-through support to close unchanged at 239p. Other leading Food issues traded quietly, but usually managed modest progress. Cadbury Schweppes added 3 to 174p, as did Tate and Lyle, at 613p. Tesco revived with an improvement of 8 at 410p, while Bejam, helped by a broker's recommendation, hardened a penny to 153p. Elsewhere, Home Farm rose 10 to 110p awaiting today's annual results, but M6 Cash and Carry, after touching 96p on the increased interim profits, eased back to close 3 cheaper on balance at 90p.

US support and a revival of bid rumours prompted a late spurt in Grand Metropolitan which closed 13 higher at 408p. Trusthouse Forte revived with a gain of 5 at 145p and Ladbroke rose 8 to 353p.

Glaxo advance

Helped by an initial steadier performance on Wall Street, international stocks made headway, with Glaxo prominent at 970p, up 35. Beecham put on 7 to 400p. Reckitt and Colman, reflecting interim results at the lower end of market estimates, closed 5 cheaper at 804p. Elsewhere, bumper half-year figures prompted a sharp advance in J. Hewitt which closed 42 higher at 130p. Wellcome continued to attract buyers amid hopes about the depelopment of the company's anti-Aids vaccine. Appledore, still reflecting takeover hopes, moved up 15 further to 235p in a restricted market, while vague bid rumours accompanied a rise of 10 to 68p in Westwood Dawes. Sharna Ware continued its revival with a fresh gain of 10 to 43p, while Pentland Industries also staged a rally at 440p, up 15. Bridon fell away to 146p on the poor interim results before rallying to close only 4 cheaper at 150p. Fresh speculative activity lifted Gestetner 6 to 116p. Dealings resumed in Peek Holdings following the re-organisation at 22p compared with a suspension price of 19p. English China Clays rallied 9 to 334p, while Rolfe and Nolan were noteworthy for a gain of 8 at 96p.

Lee International closed unchanged at 165p, the sharp increase in first-half profits already discounted. Owners Abroad hardened a fraction to 33½p following the interim results and confident statement. Elsewhere in the Leisure sector, SelectTV revived with a gain of 2 at 16p.

Jaguar were the outstanding performer in the Motors sector, the shares attracting persistent and often sizeable American support prior to closing 13 higher at 513p. News of the 74 per cent jump in preliminary profits and the sharply increased final dividend failed to inspire Armstrong Equipment which settled a net 3 easier at 120p, after 126p. Elsewhere minor gains were recorded by BCA, 138p and Hartwells, 87p.

United Newspapers fell 10 to 360p; the interim results are scheduled for next Thursday. Among Papers, Clondalkin jumped 30 to 400p in response to the increased interim profits. Bemrose held at 168p despite the strong interim profits recovery.

The Property majors took a modest turn for the better. Land Securities edged up a couple of pence to 312p and MEPC added 3 to 315p. Elsewhere, Grainger Trust found support following Tuesday's land deal and rose 20 to 480p, after 485p, while Imry moved up 10 to 370p awaiting the outcome of bid talks. Tops Estates, boosted by a newsletter recommendation and news that a director had increased his holding, gained 25 to 285p in a restricted market; the 7½ per cent Convertible rose 100 points to £530. Parkdale, a dull market on Tuesday reflecting fading bid hopes, attracted revived demand and firmed 3 to 76p, but A. and J. Mucklow shed a penny to 98p following the annual results. Trust of Property found support at 74p, up 5 and Egerton Trust gained a penny to 74p.

Textiles were inclined harder in places. Courtaulds edged forward a couple of pence to 279p and Dawson International added 4 at 248p. Burmatex improved 5 to 240p awaiting bid developments. Toray reflected Far Eastern influences with a decline of 30 at 280p.

Financial Trusts displayed no set trend after a moderate business. Argyle Trust, which had jumped sharply the previous day on speculation surrounding Mr Nick Oppenheim's stake in the company, softened a couple of pence to 56p after profit-taking. Kwahu lost 4 at 42p, but Brint Investments added 8 at 203p.

IC Gas move up

Easier crude oil prices following the latest increases in US stocks of oil products prompted a quiet but nervous session in the oil sector. Initial modest gains were eroded in mid-morning but sentiment improved in the latter part of the day and the leaders picked up to close little changed on balance. IC Gas continued to reflect hopes of an imminent bid from the US and moved up 8 to 480p.

Titaghur Jute, an outstanding market of late following publicity given to Gauri Shanker's recently acquired stake in the company, jumped a further 60 to 360p.

A lack-lustre showing by gold and platinum prices led to a much quieter session in mining markets. Bullion drifted easier throughout the day, reflecting recent bearish forecasts for the metal price and a firmer trend in the dollar, closed a net 87.5 cents off at $413.625 an ounce, while platinum dipped around $10 to $566 during the afternoon.

Sentiment in Gold shares was additionally disturbed by the major mine disaster at the Kinross operation in the Eastern Rand. Kinross shares dropped 40 to 880p. Other Golds opened on a steady note but gradually fell away on lack of interest and persistent small selling pressure. A number of "buy" recommendations, emanating from the Centenary Gold Conference currently being held in Johannesburg failed to encourage any significant demand, with the notable exception of Western Deep which rose ½ to £27½. Among the leading issues Randfontein fell £1¼ to £63¾. The Gold Mines index gave up 1.3 to 316.6.

South African Financials held up well. "Amcoal" continued to attract good support following the EEC's failure to implement its ban on imports of South African coal and the shares moved up 25 more to 575p for a two-day gain of 75. Anglo American Corporation hardened ¼ to £10½. Gencor rose 38 to 975p on news of the acquisition of a 48.5 per cent stake in South African industrial group Malcor from Sanlam and Sankorp in exchange for 1.98m new shares in Gencor; Sanlam and Sankorp intend to swap the Gencor shares for 2.2m shares in Gencor's parent Federale Mynbou.

The mixed Press reception given to the marginally lower preliminary results saw Consolidated Gold Fields dip 7 to 530p. Rio Tinto-Zinc, due to announce interim figures later today, fell a similar amount to 587p.

Australians continued to lose ground, depressed by the further decline in overnight Sydney and Melbourne markets and the easier trend in metal prices. Of the top-quality Golds, Central Norseman fell 20 to 558p and Gold Mines of Kalgoorlie 12 to 558p, while Poseidon dipped 8 to 148p. Sons of Gwalia were a shade better at 289p following the more than doubled final dividend and sharply higher profits.

A subdued session in the Traded Option market saw only 18,827 deals done, comprising 11,980 calls and 6,847 puts, figures well down on the previous day's total of 28,706 and last Friday's record 37,544. Hanson Trust attracted 1,210 calls and 38 puts, while the FT-SE 100 accounted for 991 calls and 1,182 puts.

FINANCIAL TIMES STOCK INDICES

	Sept 17	Sept 16	Sept 15	Sept 12	Sept 11	year ago	1986 High	1986 Low	Since Compilation High	Since Compilation Low
Government Secs	85.45	85.88	86.74	86.74	87.01	83.25	94.51 (18/4)	80.39 (30/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	92.19	92.76	93.05	93.16	94.00	88.56	97.68 (7/7)	86.55 (23/1)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary ♥	1,275.2	1,262.2	1,289.6	1,270.9	1,298.2	1,000.8	1,425.9 (3/4)	1,094.3 (14/1)	1,425.9 (3/4/86)	49.4 (26/6/40)
Gold Mines	316.6	317.9	312.2	314.8	297.4	316.4	357.0 (27/1)	185.7 (18/7)	734.7 (15/2/83)	43.5 (26/10/71)
Ord. Div. Yield	4.35	4.40	4.31	4.37	4.28	4.75				
Earnings Yld.%(full)	10.02	10.14	[illegible]	[illegible]	[illegible]	[illegible]				
P/E Ratio (net) (*)	12.24	12.09	12.34	12.18	12.46	10.62				
Total Bargains (Est)	20,348	21,590	23,927	22,678	21,468	20,598				
Equity Turnover £m.	—	534.79	600.60	879.41	644.05	371.34				
Equity Bargains	—	19,265	22,861	30,502	22,834	17,057				
Shares Traded (ml).	—	222.4	293.3	351.1	290.8	200.2				

S.E. ACTIVITY

Indices	Sept. 16	Sept. 15
Gilt Edged Bargains	123.3	113.3
Equity Bargains	124.8	148.1
Equity Value	1080.9	1214.0
5-Day Average		
Gilt Edged Bargains	113.9	114.4
Equity Bargains	152.5	157.5
Equity Value	1326.8	1326.8

♥ Opening 1276.6 | 10 a.m. 1270.8 | 11 a.m. 1266.4 | Noon 1266.5 | 1 p.m. 1266.9 | 2 p.m. 1269.3 | 3 p.m. 1271.4 | 4 p.m. 1272.3

Day's High 1276.6. Day's Low 1265.7.

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55, SE Activity 1974 *Nil=11.75.

LONDON REPORT AND LATEST SHARE INDEX: TEL. 01-246 8026

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS — Wednesday September 17 1986

[illegible]

FIXED INTEREST

[illegible]

NEW HIGHS AND LOWS FOR 1986

NEW HIGHS (27)

BREWERS (1) Belhaven Brewery. ELECTRICALS (2) Alphameric, UEI. FOODS (1) Home Farm. INDUSTRIALS (6) Astra AB, Oiekie Heel, Hewitt (J.), Johnson Matthey, Myson, Rolfe and Nolan. PROPERTY (5) Grainger Trust, Tops Estates, Do. 7½pc Conv. 2014, Trust of Property, Wereldhave. STORES (1) Church. TEXTILES (4) Beales (J.), Burmatex, Lowe (Robert H.), Lyles (S.). TRUSTS (1) Brint Invests. MINES (6) Eastern Transvaal Cons., Welkom, Anglo American Corpn., Central Kalgoorlie, Enterprise Gold, Whim Creek.

NEW LOWS (26)

BRITISH FUNDS (7) Exch. 14pc 1986, Treas. 3pc 1991, Conv. 10pc 1996, Conv. 9pc 2000, Conv. 9½pc 2006, Treas. 8½pc 2007, Treas. 8pc 2009. AMERICANS (1) BASIX. BUILDINGS (1) Lilley (F. J. C.). STORES (1) Goodman Bros. ELECTRICALS (3) Blick, Dubilier, IBL. HOTELS (1) Savoy Hotel A. INDUSTRIALS (4) Airsprung, Brammer, Mitchell Cotts, Nahon. INSURANCE (2) Sedgwick, Steel Burrill Jones. LEISURE (1) Scanro. PAPER (3) Clondalkin, Klearfold Inc., Saatchi & Saatchi 6.3pc Cnv. Pref. TRUSTS (1) Pacific Assets Trust Ser. 1 Warrants. OILS (1) Floyd Oil.

BASE LENDING RATES

	%		%
ABN Bank	10	Equatorial Tst Corp. plc	10
Allied Arab Bank Ltd	10	Exeter Trust Ltd.	10½
Allied Dunbar & Co	10	Financial & Gen. Sec.	10
Allied Irish Bank	10	First Nat. Fin. Corp.	11
American Express Bk.	10	First Nat. Sec. Ltd	11
Amro Bank	10	● Robert Fleming & Co.	10
Henry Ansbacher	10	Robert Fraser & Ptrs.	11
ANZ Banking Group	10	Grindlays Bank	‡10
Associates Cap Corp	10	● Guinness Mahon	10
Banco de Bilbao	10	● Hambros Bank	10
Bank Hapoalim	10	Heritable & Gen. Trust	10
Bank Leumi (UK)	10	● Hill Samuel	§10
Bank Credit & Comm.	10	C. Hoare & Co.	10
Bank of Cyprus	10	Hongkong & Shanghai	10
Bank of Ireland	10	Knowsley & Co. Ltd	10½
Bank of India	10	Lloyds Bank	10
[illegible]	[illegible]	[illegible]	[illegible]

EUROPEAN OPTIONS EXCHANGE

[illegible]

NATN C	FL90	94	0.60	40	2.20A	14	4	FL91.20
NATN P	FL85	153	5.10	72	6.40	—	—	
PHIL C	FL55	271	0.80	699	2.50	221	3.60	FL51.20
PHIL P	FL50	300	1.30A	479	2.60	8	3.30	
RD C	FL200	592	4.50	2016	10.40	34	15.50	FL202
RD P	FL200	1138	3.50	304	6.60	15	8.90	
ROBE P	FL90	1	1.50	16	2.30	—	—	FL91.20
UNIL C	FL500	185	6.50A	346	22	6	30	FL480.50
UNIL P	FL480	301	10.50	71	19A	22	22	

TOTAL VOLUME IN CONTRACTS: 35,458

A=Ask B=Bid C=Call P=Put

TRADITIONAL OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Aug 18	Sept 5	Nov 20	Dec 1
Sept 8	Sept 19	Dec 4	Dec 15
Sept 22	Oct 3	Dec 18	Dec 29

For rate indications see end of Unit Trust Service

Call options were taken out in Barker and Dobson, Britannia Securities, Ferranti, British Telecom, Nolton, Mitchell Cotts, Consolidated Gold Fields, British Syphon, Pavion, Circaprint, Rockware, Bentalls, Bronx Engineering, Richardsons Westgarth, Polly Peck and Wellcome. No puts were reported, but double options were transacted in Lee International, Abaco and British Telecom.

YESTERDAY'S ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

Stock	Closing price	Day's change	Stock	Closing price	Day's change
Amstrad	134	—	Dixons Group	370	+ 2
Ashley (Laura)	194	—	Grand Metropolitan	408	+13
Boots	221	+ 2	ICI	£10⅛	+ 0⅛
British Aerospace	448	—	Jaguar	513	+13
Burton	302	+ 4	Marks and Spencer	206	+ 1
Commercial Union	285	− 2	Smith (W. H.) A	272	+ 6

TUESDAY'S ACTIVE STOCKS

Based on bargains recorded in SE Official List

Stock	No. of changes	Tues. close	Day's change	Stock	No. of changes	Tues. close	Day's change
Glaxo	21	935	−15	Dalgety	14	278	−20
BAT Inds.	20	430	− 7	Prudential	14	848	− 7
BTR	17	285	−13	RTZ	14	593	−15
BP	16	652	−13	Wellcome	14	188	− 5
Fisons	16	581	−20	ICI	13	£10⅛	− 0⅛
Beecham	15	393	−13	Shell Trans	13	877	− 5

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	—	107	8
Corporations, Dominion and Foreign Bonds	—	36	31
Industrials	270	289	958
Financial and Properties	103	183	294
Oils	15	27	72
Plantations	1	2	11
Mines	45	45	95
Others	63	66	65
Totals	497	765	1,532

LONDON TRADED OPTIONS

Option		Calls Oct.	Calls Jan.	Calls Apr.	Puts Oct.
Allied Lyons (*330)	300	40	50	62	4
	330	16	30	40	10
	360	8	10	30	30
B.P. (*651)	600	60	85	100	3
	650	28	52	72	25
	700	10	28	45	55
Cons. Gold	460	120	130	140	2

[illegible]

WORLD STOCK MARKETS

AUSTRIA

Sept. 17	Price Sch.	+ or −
Credit'st'lt pp	2,300	......
Goesser	3,570	+10
Interunfall	15,680	......
Jungbunzlauer	19,300	−100
Laenderbank	2,215	......
Perlmooser	606	+1
Steyr Daimler	163	−4
Veitscher Mag	10,800	−40

BELGIUM/LUXEMBOURG

Sept. 17	Price Frs.	+ or −
B.B.L.	3,210	−80
Banq. Gen. Lux	16,250	......
Banq. Int.A.Lux	15,150	......
Bekaert	11,000	−300
Ciment CBR	0,920	−10
Cockerill	155	−6
Delhaize	3,150	......
EBES	4,800	−85
Electrobel	14,925	......
Fabrique Nat	2,150	+30
GB Inno BM	7,800	......
GBL (Brux)	3,460	+335
Generale Bank	0,120	......
Gevaert	6,070	−150
Hoboken	7,900	......
Intercom	3,720	......
Kredietbank	17,600	......
Pan Holding	11,200	−50
Petrofina	9,200	+170
Royale Belge	27,800	−20
Soc. Gen. Belge	3,060	−70
Sofina	11,400	+300
Solvay	8,000	......
Stanwick Intl	250	......
Tractionel	[illegible]	[illegible]

GERMANY

Sept. 17	Price Dm.	+ or −
AEG	309	−5
Allianz Vers	2,328	−57
BASF	274.5	−6.5
Bayer	295	−5
Bayer-Hypo	574	−13
Bayer-Verein	538	−2
BHF.Bank	508	−7
BMW	598	−14
Brown Boveri	302	−12.6
Commerzbank	336.5	−8.5
Cont'l Gummi	315.8	−5.2
Daimler-Benz	1,225	−38
Degussa	472.5	−5.5
D'sche Babcock	250	−4.0
Deutsche Bank	769.5	−10.5
Dresdner Bank	410	−8.2
Feld-Muehle Nbl	305	−7
Henkel	430	−3
Hochtief	1,170	−20
Hoechst	261	−6.4
Hoesch werke	148.8	−2.8
Holzmann (P)	855	−5
Horten	223	......
Husse!	562	−30
Karstadt	427	−8
Kaufhof	492	−10
KHD	212	−1
Kloeckner	77	−1.1
Linde	765	−7
Lufthansa	189	+1
MAN	230	−10
Mannesmann	178.6	−1.0
Mercedes Hld	1,105	−44
Metallgesell	516	−14
Muench Rueck	2,580	−30
Nixdorf	075	−7
Porsche	1,100	−50
Preussag	209	−4

NORWAY; SPAIN; SWEDEN; SWITZERLAND; AUSTRALIA; DENMARK; FRANCE; ITALY; NETHERLANDS; AUSTRALIA (continued); HONG KONG; JAPAN; JAPAN (continued); SINGAPORE; SOUTH AFRICA — [illegible]

NOTES — Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all. * Price in Kroner.

CANADA

TORONTO

Prices at 2.30pm September 17

[illegible]

MONTREAL

Closing prices September 16

[illegible]

Total Sales 3,848,256 shares

Indices

NEW YORK-DOW JONES

	Sept 17	Sept 16	Sept 15	Sept 12	Sept 11	Sept 10	1985/86 High	1985/86 Low	Since Compilation High	Since Compilation Low
Industrials	1,767.40*	1,778.54	1,767.58	1,758.72	1,792.88	1,879.50	1919.71 (4/9/86)	1502.29 (22/1/86)	1919.71 (4/9/86)	41.22 (2/7/32)
Transport	749.75*	739.25	740.75	748.75	748.00	782.83	838.84 (31/3/86)	686.97 (8/1/86)	838.84 (31/3/86)	12.32 (8/7/32)
Utilities	201.14*	199.93	200.21	200.21	202.24	211.35	219.15 (20/8/86)	169.47 (22/1/86)	219.15 (20/8/86)	10.5 (8/4/34)
Trading vol	–	131.18	155.61m	249.40m	237.57m	149.30m	–	–	–	–

	Sept 12	Sept 5	Aug 22	Year Ago (Approx)
Ind Div Yield %	3.87	3.58	3.66	4.71

STANDARD AND POORS

	Sept 17	Sept 16	Sept 15	Sept 12	Sept 11	Sept 10	1986 High	1986 Low	Since Compilation High	Since Compilation Low
Industrials	258.40*	256.17	257.12	255.88	260.40	273.82	282.24 (2/7)	224.88 (22/1)	282.24 (2/7/86)	3.62 (30/6/32)
Composite	232.33*	231.72	231.94	230.67	236.10	247.06	253.3 (27/8)	203.49 (22/1)	253.3 (27/8)	4.40 (1/6/32)

	Sept 3	Aug 20	Aug 13	Year Ago (Approx)
Ind div yield %	2.94	2.95	2.90	3.75
Ind. P/E Ratio	18.38	18.34	18.11	11.81
Long Gov Bond Yield	7.31	7.13	7.34	10.73

N.Y.S.E. ALL COMMON

Sept 17	Sept 16	Sept 15	Sept 12	1986 High	1986 Low
134.28*	133.21	133.30	132.81	145.18 (26/8)	117.75 (22/1)

RISES AND FALLS

	Sept 16	Sept 15	Sept 12
Issues traded	1,976	1,999	2,015
Rises	645	774	402
Falls	930	842	1,343
Unchanged	400	383	273

NYSE-Consolidated 1500 Actives

	Stocks Traded	3.00p.m. Price	Change on Day		Stocks Traded	3.00p.m. Price	Change on Day
USX CP	2,806,400	21⅝	+2	Gulf St Ut	1,776,800	8⅛	unch
USF O CP	2,164,400	39⅝	+ ⅛	USG Cp	1,635,300	43⅝	+3½
Viacom	2,105,900	40⅝	+ ½	Cons Pwr	1,423,300	12⅝	+2
Lucky Str	2,034,400	51⅝	+2⅝	Nat Semi	1,151,200	9⅛	unch
Honeywell	1,858,300	70⅝	+4⅝	IBM	1,105,400	138⅛	+1

Advances 1,071   Declines 487

TORONTO	Sept 17	Sept 16	Sept 15	Sept 12	1986 High	1986 Low
Metals & Minls	2,172.9*	2,181.58	2,182.7	2,142.1	2,442.85 (21/3)	1,817.4 (5/8)
Composite	2,987.8*	2,986.98	3,018.9	3,002.3	3,129.11 (18/4)	2,754.8 (17/2)
MONTREAL Portfolio	1,512.70*	1,510.14	1,522.88	1,507.58	1,623.33 (18/4)	1,388.6 (22/1)

* Indicates pre-close figure

	Sept. 17	Sept. 16	Sept. 15	Sept. 12	1986 High	1986 Low
AUSTRALIA						
All Ord. (1/1/80)	1214.2	1222.1	1224.4	1235.9	1247.0 (7/5)	1010.9 (2/1)
Metals & Mnls. (1/1/80)	800.8	820.8	826.8	015.2	826.4 (15/9)	481.1 (20/5)
AUSTRIA						
Creditbk Aktien(30/12/64)	259.36	258.02	257.55	258.97	288.84 (22/4)	226.58 (5/8)
BELGIUM						
Brussel SE (1/1/64)	3820.68	3858.58	3800.00	3804.48	4034.55 (9/9)	2768.91 (15/1)
DENMARK						
Copenhagen SE (3/1/83)	(u)	186.34	185.41	186.38	250.70 (10/4)	193.38 (5/9)
FRANCE						
CAC General (31/12/82)	377.9	377.0	385.8	385.30	412.5 (1/8)	287.8 (2/1)
Ind Tendance (31/12/82)	145.2	145.8	148.5	148.50	158.8 (28/8)	101.8 (2/1)
GERMANY						
FAZ Aktien (31/12/58)	660.51	675.32	674.90	674.32	752.38 (17/4)	585.92 (22/7)
Commerzbank (1/12/53)	1982.4	2035.0	2035.0	2035.7	2278.9 (17/4)	1782.4 (22/7)
HONG KONG						
Hang Seng Bank(31/7/64)	1921.90	1927.97	1942.34	1888.35	1987.92 (11/9)	1559.94 (16/5)
ITALY						
Banca Comm Ital. (1972)	757.86	768.20	756.12	756.80	908.20 (20/5)	454.07 (24/1)
JAPAN**						
Nikkei (16/5/49)	17535.6	17465.2	(c)	18100.52	18936.2 (20/8)	12881.5 (21/1)
Tokyo SE New (4/1/68)	1458.48	1444.88	(c)	1498.87	1583.35 (20/8)	1025.85 (21/1)
NETHERLANDS						
ANP.CBS General (1970)	282.5	288.1	288.6	288.3	301.0 (5/9)	240.4 (5/5)
ANP.CBS Indust (1970)	285.8	292.6	290.3	291.9	305.9 (19/9)	254.8 (5/5)
NORWAY						
Oslo SE (4/1/83)	375.91	376.97	372.8	377.08	402.91 (16/1)	331.61 (4/8)
SINGAPORE						
Straits Times (30/12/66)	817.55	826.69	827.51	834.21	865.15 (1/8)	563.34 (28/4)
SOUTH AFRICA						
JSE Gold (28/9/78)	—	1942.8	1886.8	1878.0	1942.8 (16/9)	1108.1 (21/4)
JSE Indust (28/9/78)	—	1588.0	1580.9	1562.0	1573.0 (9/9)	1319.5 (2/1)
SPAIN						
Madrid SE (30/12/85)	192.88	192.87	190.41	195.40	204.25 (4/9)	100.85 (5/1)
SWEDEN						
Jacobson & P (31/12/56)	2482.56	2512.86	2590.75	2494.42	2620.62 (12/8)	1720.57 (29/1)
SWITZERLAND						
SwissBankCpn (31/12/58)	551.6	556.9	558.7	561.2	625.5 (8/1)	497.2 (4/8)
WORLD						
M S. Capital Intl.(1/1/70)	—	338.1	342.8	340.7	358.8 (1/9)	249.8 (23/1)

** Saturday September 13: Japan Nikkei (c). TSE (c).

Base value of all indices are 100 except Brussels SE—1,000, JSE Gold—255.7, JSE Industrial—264.3, and Australia. All Ordinary and Metals—500, NYSE All Common—50; Standard and Poors—10; and Toronto Composite and Metals—1,000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ 400 Industrials plus 40 Utilities. 40 Financials and 20 Transports. c Closed. u Unavailable.

OVER-THE-COUNTER

Nasdaq national market, 2.30pm prices

Continued from Page 43

[illegible]

LONDON

Chief price changes (in pence unless otherwise indicated)

RISES			
Allied-Lyons	333 + 8	Clondalkin	400 + 30
Appledore (A&P)	235 + 15	Glaxo	970 + 35
Belhaven Brew	76 + 4	Grainger	480 + 20
Burgess Prod	263 + 17	Grand Met	408 + 13
Church	440 + 85	Hewitt (J.)	130 + 42
ICI	£10⅞ + ⅜	Westwood	68 + 10
Imp Con Gas	480 + 9		
Imry Prop	370 + 10		
Ladbroke	353 + 8		
Lincroft	225 + 8		
Mowlem (J.)	408 + 8		
Pentland	440 + 15		
Titaghur	380 + 60		
Utd Scientific	150 + 7		
Wellcome	199 + 11		

FALLS	
Tr 3% 1990	£84ⁱ³⁄₁₆ − ⅟₁₆
Tr 13% 04/08	£126⅝ − ⅞
Banro Ind	172 − 10
Central Nor	558 − 20
Legal & Gen	255 − 8
Minet Hldgs	232 − 16
Tern	35 − 9
Utd News	360 − 10

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
26 1/2	13 3/4	AAR s	.44	2.0	17	902	22 1/8	20 7/8	22	+ 1 1/8
56	21 3/4	ACF	.92	3.8		355	24 1/4	23 1/8	24 1/4	+ 7/8
33	11 1/2	AFG s	.08	.3	15	329	27 7/8	27 1/4	27 1/2	+ 1/8
25 3/8	13 3/4	AGS			12	48	17 3/4	17	17 3/8	+ 1/4
60 3/8	37 1/2	AMR			14	4340	54 1/4	52 5/8	53 1/4	+ 1/4
24	19 1/4	ANR pf 2.12		9.2		1	23	23	23	
12 1/2	8 1/2	APL			6	5	11 3/8	11 1/4	11 3/8	+ 1/8
18 3/8	10	ARX	.71t	3.8	11	47	11 3/8	11 1/8	11 1/4	+ 1/8
40 7/8	28 3/4	ASA	2a	3.1		536	38 7/8	38 1/2	39	− 1/4
16 5/8	9 3/4	AVX		3.9		42	10 3/4	10 1/2	10 3/4	+ 1/8
32	22 5/8	AZP	2.72	9.3	6	1829	29 1/4	29	29 1/4	+ 1/2
55	29 5/8	AbtLb s	.84	2.0	20	6876	43 1/4	41 7/8	42 3/4	+ 7/8
32	19 5/8	AccoWd .60		3.2	10	54	25 3/8	25	25 1/8	
14 5/8	9	AcmeC .40		4.0		117	10 1/8	10 1/8	10 1/8	− 1/8
9 1/4	6 7/8	AcmeE .32b		4.7	14	19	7	d	6 3/4	6 5/8
22 3/8	17	AdaEx 1.90e		9.5		60	20 1/4	19 7/8	20	+ 1/8
33 5/8	16 7/8	AdmMl .40		1.8	11	3	25 1/2	25 1/2	25 1/2	− 1/8
20 3/8	12	AdvSys .63t		5.8	13	301	14 3/8	13 5/8	14 1/4	
32 7/8	14 1/8	AMD				3232	17 1/2	16 7/8	17 3/8	+ 3/8
12 5/8	5 5/8	Adobe s				333	6 7/8	6 3/4	6 3/4	
20 1/4	15 1/4	Adob pf 2.40		13.		18	18 1/2	18 1/4	18 1/4	− 3/8
18 3/8	7 3/8	Advest .12a		1.9	8	374	12 5/8	11 7/8	12 1/8	+ 1/8
66 1/4	42 3/4	AetnLf 2.64		4.6	10	3083	57 1/2	57	57 1/8	+ 3/8
58 7/8	51 1/2	AetL pf4.69e		6.9		458	52 3/4	52 3/8	52 3/4	+ 1/8
28 3/4	9 3/4	Ahmans .48		2.1	7	7383	21 7/8	20 1/2	21 1/2	+ 1/8

Continued on Page 43

NYSE COMPOSITE CLOSING PRICES

Continued from Page 42

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
50¾	33	PhlE pf4.68		9.4		z1010	48¾	48½	48¾	+¼
13¾	9¼	PhlE pf1.41		10.		82	u13⅞	13½	13⅝	−⅛
121	101	PhlE pf14.62		12.		6	u123	123	123	+2
13⅛	9½	PhlE pf1.33		10.		101	13	12¾	12⅞	+⅛
[illegible]										

AMEX COMPOSITE CLOSING PRICES

Stock	Div.	P/E	Sales (Hnds)	High	Low	Last	Chng
[illegible]							

OVER-THE-COUNTER

Nasdaq national market, 2.30pm prices

Stock	Sales (Hnds)	High	Low	Last	Chng
[illegible]					

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a-dividend also extra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E-price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls – sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-divident or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

Continued on Page 41

FINANCIAL TIMES
WORLD STOCK MARKETS

WALL STREET

Cautious recovery falters

THE TENTATIVE rally of Wall Street share prices, led earlier in the week by blue chips, broadened yesterday in moderate trading, *writes Roderick Oram in New York.*

Some selling pressure was removed by a firmer tone in the bond market where prices edged up following lighter-than-expected Treasury refunding plans.

Despite a dip in share prices at the opening, the Dow Jones industrial average was soon showing a gain on the previous close. Advancing stocks outnumbered declining for the first time this week.

At the close the Dow Jones industrial average was 9.14 down at 1,769.40.

But trading was cautious falling far short of a dynamic recovery from last week's heavy losses. Investors are keeping a wary eye on tomorrow's quarterly phenomenon the so-called "triple witching hour," this simultaneous expiry of stock index futures, options and stock futures has caused, in the past, considerable price swings on heavy volume as investors square their positions.

After taking the lead earlier in the week, blue chips lagged behind the market. IBM rose $¾ to $139¾, USX gained $¾ to $20½, Sears Roebuck was up $½ at $41 and American Express gained $½ to $58¼. Losers among blue chips included GM, off $¾ at $69, and Exxon, down $½ at $67¼.

Strong interest in Honeywell was generated by an analyst's report that the computer group might soon announce plans for its break-up. Company officials were not immediately available for comment. Its share price rose $3⅝ to $78½ on heavy trading.

Honeywell's poor performance in computers has often raised the prospect that it might concentrate on its other lines such as controls. It did announce early in the day, however, that it had finalised a joint venture to sell computers from NEC of Japan in North America.

In contrast in the computer sector, Cray Research, the leading maker of supercomputers, put on $3½ to $84½ following an analyst's buy recommendation which put a price target of $100 to $120 on the stock.

On the takeover front, USG, a building products group, was said to be the next target of Wickes at around $52 a share. The price rose $2¼ to $42¾. USG said it was aware of the market activity but had yet to discover who was buying.

Lucky Stores, a retail chain, saw a $2¾ rise in price to $31⅛ on suggestions that Mr Asher Edelman, a New York investor, had taken a large stake in the company.

Some of the sharpest recoveries came among Japanese stocks listed in New York which had been hard hit by record declines in Tokyo. Honda picked up $4¼ to $80¾, Hitachi was up $1⅝ to $61⅞ and Matsushita rose $4⅞ to $101¾.

A big gainer on the American Stock Exchange was BAT, the UK-based tobacco and consumer products group. It rose a further $5/16 yesterday to $6 7/16 following strong gains earlier in the week

In the credit markets, prices rose moderatly following Tuesday's announcement of the Treasury end-of-quarter refunding. Future contracts showed some smaller gains than the cash market. Contrary to market expectations, it did not include seven-year notes.

Also on the positive side were a decline in housing permits and an easier Fed funds rate at 5⅞ per cent.

The benchmark 7.25 per cent Treasury bond due in 2016 gained 9/32 to 95½ at which it yields 7.63 per cent. Treasury-bill yields were essentially unchanged with the three-month rate of 5.24 up one basis point, six-month down one basis point at 5.51 and the 12-month unchanged at 5.68.

Certificates of deposit ranged from unchanged at the shorter end around the 5.80 per cent level and up three basis points at the longer end to 5.79 per cent.

LONDON

Undaunted by fears over rates

THE GROWING belief that international interest rates will not fall further failed to dampen London stocks yesterday and the the FT Ordinary index recovered 13 points of Tuesday's drop to close at 1,275.2. The broader based index, the FT-SE 100, added 13.7 to 1,610.

West German resistance to US pressure for interest rate cuts was cited as a cause for concern, but buying stagnated only briefly at which stage institutional support became evident.

NatWest firmed 2p to 534p in response to its US share offering while retailer Woolworth jumped 10p to 875p on its doubled first-half profits. Also reporting higher profits was United Biscuits, down 1p to 238p.

Gilts were unsettled by the rate prospects and the fall of sterling against the D-Mark. Longs regained some of their losses while shorts proved relatively resilient.

Chief price changes, Page 41; Details, Page 40; Share information service, Pages 39–40

AUSTRALIA

BANKS suffered the full force of selling in Sydney as the All Ordinaries index retreated 6.9 to 1,214.2.

National was worst hit with a 14-cent plunge to A$5.36, Westpac lost 13 cents to A$4.55 and ANZ was 8 cents off at A$5.06.

Turnover of 121m shares was bloated by late block trading in Email, which jumped 40 cents to A$2.70 after Feltex New Zealand announced a one-for-one share swap full takeover bid. Feltex was unchanged at A$2.70.

Hooker, which sold its 15 per cent holding in Email at A$2.75 a share for a A$19m profit, gained 7 cents to A$2.22.

Mines were further weakened by easier bullion prices. Renison was 20 cents cheaper at A$7 and Poseidon retreated 10 cents to A$3.50.

HONG KONG

A RELUCTANCE to take positions ahead of the mid-term report by the Financial Secretary held Hong Kong in check and the Hang Seng index dipped 5.98 to 1,921.99.

Jardine Matheson suffered one of the largest falls with a 20-cent decline to HK$15.90, Swire Pacific A was down 20 cents at HK$13.60 and China Light closed 10 cents lower at HK$17.10.

SOUTH AFRICA

GOLDS continued to hit fresh peaks in Johannesburg as the All-Gold index surged to 1,960, a gain of 18 points.

Randfontein was one of the stars of the session with its R11.50 jump to R426.50 and Loraine firmed R1 to R27.50. Kinross shed R1.50, however, after the fire disaster at its mine on Tuesday.

Industrials were also strong with Barlow Rand up 15 cents to R20.60 while SA Breweries was 40 cents up at R15.40.

SINGAPORE

PROFIT-TAKING and some unease over the Tokyo market unsettled Singapore and trimmed 3.14 off the Straits Times industrial index to 817.55. Turnover dipped to 12.3m shares from Tuesday's 15.3m.

Pegi, with 528,000 shares traded, was the most active and gained ½ cent to 57½ cents while Amalgamated Steel Mills added 1 cent to S$1.15 on 492,000 shares.

CANADA

MOST sectors in Toronto resisted the temptation to follow Wall Street's example gains but turned lower instead.

Dome Petroleum was an early feature as it dipped 3 cents to C$1.02 ahead of details of its recapitalisation plans. Industrials were actively lower as Sears Canada dropped C$¼ to C$11⅝ and Royal Trustco A slipped C$⅛ to C$30⅞.

Banks proved the weakest spot in Montreal although utilities continued to lose ground.

TOKYO

Sharp early rally proves unsustainable

A SHARP morning rally was reversed toward the close in Tokyo yesterday as investor relief over the gain on Wall Street turned into concern about the market outlook, *writes Shigeo Nishiwaki of Jiji Press.*

Despite the general decline, large-capital stocks, budget-affected issues and high-technology stocks firmed on buying by securities house dealers.

The 225-issue Nikkei average began to slide after scoring a 156-point rise and closed 126.57 down at 17,336.62, its fourth consecutive daily decline. Turnover remained low at 596m shares compared with Tuesday's 507m. Losses outpaced gains 455 to 361 with 134 issues unchanged.

Share prices opened firmer almost across the board as investors were encouraged by the rise – albeit small – on Wall Street. Dealers of leading brokerage houses bought actively to sustain the more positive market sentiment. Financial institutions and some individual investors followed their example, restoring some life to the market.

However, the optimism proved short-lived as investors became uneasy about Wall Street's weak advance. But, as the low trading volume indicates, there was no large-scale sell-off. Instead, share prices tumbled on light selling in the absence of buying.

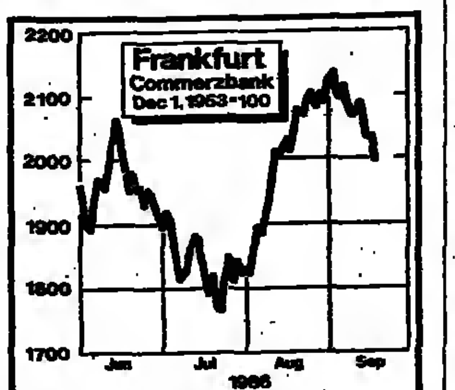
Market sources said investors were also discouraged by buy orders of only 8m shares from non-residents in the morning, against sell orders for 42m shares.

Ishikawajima-Harima Heavy Industries topped the active list with 87.85m shares traded. It advanced Y23 to Y488 on buying by leading securities houses. Tokyo Gas jumped Y42 to Y942 on trading of 84.16m shares and Nippon Kokan, with 46.90m shares traded, added Y8 to Y286.

Among budget-affected stocks, Kumagai Gumi added Y20 to Y1,040 while Taisei and Hazama-Gumi gained Y5 to Y870 and Y20 to Y620, respectively. Among high-tech issues, NEC finished Y50 up at Y1,930, although this was substantially lower than the day'a high of Y1,990. Electricals also gained, with Mitsubishi Electric rising Y7 to Y487 and Hitachi Y23 to Y956.

In contrast, non-life insurances, trading houses and railways accelerated their downturn towards the close. Tokio Marine and Fire Insurance lost Y40 to Y1,640, Mitsubishi Y50 to Y1,260 and Tokyu Y70 to Y1,230.

Bond prices staged a technical rally. The yield on the benchmark 6.2 per cent government bond due in July 1995 rose temporarily to 4.850 per cent from Tuesday's 4.800 per cent, but fell to 4.745 per cent. Neither institutional investors nor dealers will participate actively in the market until they see revised US gross national product figures for the second quarter to be released on Thursday.



EUROPE

Dulled by shadows of uncertainty

THE UNCERTAINTY over Wall Street and Tokyo continued to cast a shadow across Europe yesterday where most of the major bourses closed lower.

Frankfurt saw some of the biggest losses of the day as domestic factors also took their toll on share prices. The Commerzbank index shed 42.6 to fall back below the 2,000 level at 1,992.4 in the face of the possible higher interest rates and inflation.

The financial worries left banks lower, including Commerzbank which lost DM 5.50 to DM 336.50 despite hopes of record profits. Deutsche Bank closed DM 10.50 down at DM 769.50 and Dresdner Bank DM 8.20 to DM 418.

Among the hardest-hit shares were car makers, which are also being depressed by the prospect of a rights issue on Friday from VW, down DM 14.90 to DM 508. The group also announced it would pay a total DM 91m bonus to its workers. Elsewhere, Porsche fell DM 50 to DM 1,100, Daimler DM 38 to DM 1,225 and BMW DM 14 to DM 598.

Electricals also saw hefty losses with Siemens down DM 16.20 at DM 677.50 and AEG DM 6 at DM 309. Computer group Nixdorf fell DM 7 to DM 675.

Engineering group Brown Boveri, which announced it was selling a majority stake in its Swiss subsidiary, shed DM 12.50 to DM 302.

Prices of public authority bonds ended the session around 30 basis points lower with the average yield up 2 basis points to 5.77 per cent.

In its daily market-balancing operation the Bundesbank bought DM 44.7m of domestic paper after buying DM 64.8m worth on Tuesday.

Brussels turned lower, wiping out most of Tuesday'a gains as some profit-taking and unease about other markets set in.

Petrofina, the leading industrial group, lost all its gains of the previous session to close BFr 170 down at BFr 9,200.

Elsewhere, Gevaert closed BFr 150 lower at BFr 6,070, Sofina BFr 300 to BFr 11,400 and Société Générale de Belgique BFr 70 to BFr 3,060. However, Group Bruxelles Lambert added BFr 335 to BFr 3,460.

Amsterdam saw early firmness wane as news of the mixed to lower performances on other bourses filtered through to the market.

The subdued tone trimmed some of Tuesday's gains in banks with Amro 80 cents lower at Fl 97 and NMB off Fl 1 to Fl 215.50. However, ABN managed one of the few gains of the session, rising Fl 2 to Fl 551.50.

Internationals partly recovered with Unilever up Fl 2.50 at Fl 480.50 and Royal Dutch 70 cents firmer at Fl 49.60.

Zurich followed the lower trend as investors looked for signals from abroad.

Swissair was unchanged at SFr 1,370, Bank Leu added BFr 25 to BFr 3,750, and insurer Swiss Re added BFr 100 to BFr 1,700. Losses included Nestlé, down SFr 150 to SFr 8,500, and Ciba-Geigy, down SFr 30 at SFr 3,500.

Paris advanced although caution kept prices off the day's highs.

Car-makers and related issues saw fair gains including Peugeot which added FFr 35 to FFr 1,100 and Michelin which was up FFr 30 to FFr 3,060.

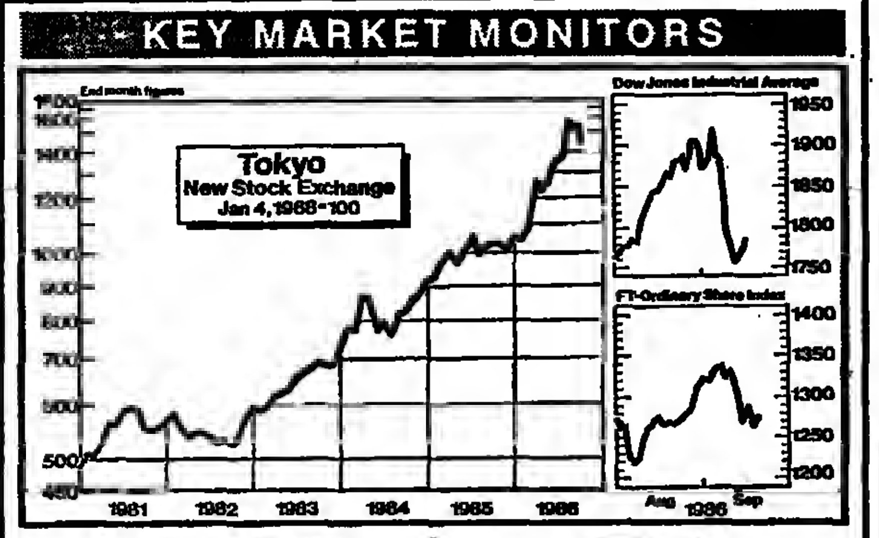
Elsewhere, Carrefour gained FFr 80 to FFr 3,330 but Moët-Hennessy shed FFr 83 to FFr 2,068 despite higher first-half earnings.

Milan was hit by widespread profit-taking which wiped out many of Tuesday's gains.

Insurer Generali fell L1,600 to L163,475 and Olivetti L500 to L17,450 while against the trend were Fiat, L320 higher at L15,020, and Montedison up L5 to L3,260.

Stockholm closed lower on some profit-taking while **Madrid** was mixed after Tuesday's rally. **Oslo** fell as lower oil prices dampened enthusiasm.

KEY MARKET MONITORS



STOCK MARKET INDICES

NEW YORK	Sept. 17	Previous	Year ago
DJ Industrials	1,786.84*	1,778.54	1,298.16
DJ Transport	749.75*	739.25	645.83
DJ Utilities	201.69*	199.93	153.16
S&P Composite	233.48*	231.72	161.36
LONDON			
FT Ord	1,275.2	1,262.2	1,000.8
FT-SE 100	1,610.4	1,596.7	1,296.00
FT-A All-share	793.74	790.39	628.98
FT-A 500	871.85	866.34	690.25
FT Gold mines	316.6	317.9	316.4
FT-A Long gilt	n/a	9.89	n/a
TOKYO			
Nikkei	17,336.62	17,463.19	12,591.5
Tokyo SE	1,438.48	1,444.68	1,009.24
AUSTRALIA			
All Ord.	1,214.2	1,222.1	961.8
Metals & Mins.	608.0	620.0	524.8
AUSTRIA			
Credit Aktien	238.35	238.02	196.74
BELGIUM			
Belgian SE	3,928.88	3,950.58	2,456.39
CANADA	Sep 17	Prev	Year ago
Toronto			
Metals & Minls	2,172.9*	2,161.50	1,904
Composite	2,997.8*	2,996.30	2,651.6
Montreal			
Portfolio	1,512.70*	1,510.14	129.29
DENMARK			
SE	n/a	196.34	216.59
FRANCE			
CAC Gen	377.90	377.00	217.80
Ind. Tendance	145.20	143.80	79.81
WEST GERMANY			
FAZ-Aktien	660.51	675.82	519.74
Commerzbank	1,992.40	2,035.00	1,534.0
HONG KONG			
Hang Seng	1,921.99	1,927.97	1,569.40
ITALY			
Banca Comm.	757.86	766.20	399.85
NETHERLANDS			
ANP-CBS Gen	282.50	288.10	220.0
ANP-CBS Ind	285.80	292.50	192.0
NORWAY			
Oslo SE	373.91	376.97	364.16
SINGAPORE			
Straits Times	817.55	820.69	757.80
SOUTH AFRICA	Sep 17	Prev	Year Ago
JSE Golds	—	1,942.0	1,038.0
JSE Industrials	—	1,369.0	946.1
SPAIN			
Madrid SE	192.60	192.07	80.89
SWEDEN			
J & P	2,482.56	2,512.80	1,374.21
SWITZERLAND			
Swiss Bank Ind	551.60	556.9	493.8
WORLD	Sept 16		
MS Capital Int'l	336.10	342.8	212.2

COMMODITIES

(London)	Sep 17	Prev
Silver (spot fixing)	393.35p	394.50p
Copper (cash)	£929.00	£915.25
Coffee (Sept)	£2,435.00	£2,412.50
Oil (Brent blend)	$13.55	$13.55

GOLD (per ounce)

	Sep 17	Prev
London	$413.625	$414.50
Zürich	$412.875	$414.625
Paris (fixing)	$412.50	$415.66
Luxembourg	$412.20	$414.25
New York (Dec)	$418.80	$423.00

CURRENCIES

(London)	US DOLLAR Sep 17	US DOLLAR Previous	STERLING Sep 17	STERLING Previous
$	–	–	1.4755	1.4760
DM	2.0275	2.0490	2.9825	3.0250
Yen	154.75	156.30	228.50	230.75
FFr	6.645	6.71	9.805	9.905
SFr	1.6395	1.6565	2.420	2.445
Guilder	2.2900	2.3125	3.3800	3.4125
Lira	1,400.5	1,412.5	2,066.5	2,085
BFr	42.05	42.40	62.05	62.60
C$	1.3905	1.3870	2.0516	2.0459

INTEREST RATES

Euro-currencies (3-month offered rate)	Sep 17	Prev
£	10	9 15/16
SFr	4 7/16	4⅜
DM	4⅝	4 7/16
FFr	7 7/16	7⅜
FT London Interbank fixing (offered rate)		
3-month US$	6⅛	6 1/16
6-month US$	6⅛	6 1/16
US Fed Funds	5⅞*	5 13/16
US 3-month CDs	5.70*	5.875
US 3-month T-bills	5.115*	5.26

US BONDS

Treasury

		September 17* Price	September 17* Yield	Prev Price	Prev Yield
6⅝	1988	99 19/32	6.363	99 19/32	6.36
7¼	1993	99 19/32	7.326	99 17/32	7.33
7⅜	1996	98 25/32	7.53	98 27/32	7.54
7¼	2016	95 1/32	7.668	94 25/32	7.68

Source: Harris Trust Savings Bank

Treasury Index

Maturity (years)	Return index (Sep 17*)	Day's change (Sep 17*)	Yield	Day's change
1–30	154.96	+0.26	7.16	–0.02
1–10	148.48	+0.12	6.85	–0.02
1–3	139.72	+0.06	6.38	–0.01
3–5	150.92	+0.09	7.06	–0.01
15–30	178.31	+0.81	8.29	–0.05

Source: Merrill Lynch

Corporate	September 17* Price	September 17* Yield	Prev Price	Prev Yield
AT & T				
3⅞ July 1990	91.5	6.449	91	6.567
SCBT South Central				
10⅞ Jan 1993	100.875	9.639	105.75	9.665
Phibro-Sal				
8 April 1996	98.375	8.248	98.375	8.248
TRW				
8⅜ March 1996	101.375	8.533	101.375	8.533
Arco				
9⅞ March 2016	104.75	9.395	104.5	9.420
General Motors				
8⅛ April 2016	89.5	9.159	89.25	9.188
Citicorp				
9⅞ March 2016	98.25	9.763	96.125	9.777

Source: Salomon Brothers

FINANCIAL FUTURES

CHICAGO	Latest	High	Low	Prev
US Treasury Bonds (CBT)				
8% 32nds of 100%				
Sept	96–15	96–17	95–27	95–23
US Treasury Bills (IMM)				
$1m points of 100%				
Sept	94.86	94.88	94.84	94.86
Certificates of Deposit (IMM)				
$1m points of 100%				
Sept	n/a	n/a	n/a	94.30
LONDON				
Three-month Eurodollar				
$1m points of 100%				
Sept	93.28	93.22	93.21	93.21
20-year Notional Gilt				
£50,000 32nds of 100%				
Sept	114–07	114–15	113–21	114–05

* Latest available figures